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Peripheral Social Resistance to Neoliberal Globalization: A Study on Bangladesh

By

Mohammed Nuruzzaman

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Doctor of Philosophy

Department of Political Science

Edmonton, Alberta

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Faculty of Graduate Studies and Research

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis ***Peripheral Social Resistance to Neoliberal Globalization: A Study on Bangladesh*** submitted by Mohammed Nuruzzaman in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

Dr. Ian Urquhart, Associate Professor
Department of Political Science
(Chair of Examining Committee)

Date of Approval:
25 August 2003

Dedication

This thesis is dedicated to my parents: Mohammed Sultan Hossain Akond and Mrs. Noorjahan Begum who have always inspired me to make a difference.

Abstract

Social resistance to globalization forces is increasingly becoming a popular movement around the world. While much scholarly research has been carried out on social resistance movements at the global level little is known about the strengths and weaknesses of social resistance to the forces of globalization at the individual national level. This study probes the 'state of the art' of resistance movements against globalizing forces in Bangladesh. The broad objective it pursues is an examination of the pattern of penetration of neoliberal globalization into the Bangladesh economy, the linkages between global and local capital and the impacts the linkages are creating on the economic, social and political structures of this country. To be more specific, it seeks to identify the domestic actors in the Bangladesh society who are structurally tied to global capital, transmit globalizing trends into the national economy, benefit from such trends and, by implication, create social resistance to their activities. The other central objective of the study is to explore the broad nature, emerging trends, limitations and prospects of success of the resistance movements.

The study establishes the thesis that social resistance to globalization forces in the peripheral society of Bangladesh falls short of being a

popular movement that can resist or roll back the neoliberal reform agenda or curtail the preponderance of local capital that prefers the speedy implementation of economic reforms. The fragmented nature of civil society, diverse responses of different social groups and classes to economic reforms and the favorable treatment the ruling elites extend to the capitalist class make social resistance a less sustainable phenomenon. And more importantly, the disunity among the adversely affected groups and classes, their ideological divides, lack of organizational networks to carry forward the movement against structural economic reforms and the control of pro-globalization liberal political parties over the urban working class and the rural peasants eat into the potential of social resistance to globalization forces. The eventual outcome is fragmented resistance that yields to an implicit or explicit acceptance of neoliberal structural reforms and the dominance of capital.

Preface

This study focuses on peripheral social resistance to globalization forces. It presents a comprehensive discussion on the impacts of, and social resistance to, neoliberal economic reforms from a peripheral perspective, using Bangladesh as the case study. It broadly covers the period from 1975, the year that marked Bangladesh's shift from a socialist to a pro-market development strategy, to 2001 when the Awami League (People's Party) government under Sheikh Hasina completed its second term in power. The study extensively analyzes the societal settings in which the structural economic reforms were initiated, designed and implemented, broad responses of different societal groups to those reforms, the economic and social consequences the reform policies have produced in the Bangladesh society, and the resultant collective action taken to block or roll back the reform process.

The analytical focus on social resistance extends both to the organized urban industrial and the disorganized rural sectors. It arrives at the conclusion that the spate of resistance to the privatization program in the urban industrial sector in the 1980s and 1990s had the potential to halt the reform agenda but it did not succeed reality due to workers' disunity, ideological divides between leftwing and rightwing trade unions, lack of organizational networks to carry forward the movement against reform policies, control of major political parties over their labor fronts and, above all, the dwindling influence of the leftist political parties in Bangladesh politics.

Rural resistance to liberalization policies in agriculture has not been as strong as in the industrial sector. The affected popular majority in rural

Bangladesh is opposed to the liberalization program, but in the absence of effective bodies like organized farmers' lobbies or peasant associations their opposition is not sufficient to force changes in public agricultural policies. Rural resistance to neoliberal economic reforms, which the peasants perceive as anti-rural, remains dormant but not necessarily non-existent. This study offers some explanations for the limits to that resistance.

The study is completed in five main chapters. Chapter 1 provides a theoretical discussion on globalization and the current theoretical deficiencies in the study of social resistance movements from a peripheral perspective. The theoretical question this study addresses is: What explains the failure of social resistance to neoliberal globalization in the peripheral society of Bangladesh? It develops a new theoretical approach to social resistance- 'resistance as survival' and applies this approach to explaining social resistance to the neoliberal reform agenda in Bangladesh. The second chapter maps out the history of resistance movements in Bengal and Bangladesh covering the period from 1000 B. C. to the birth of Bangladesh in 1971. Starting with an analytical focus on the pattern of pre-colonial resistance movements, this chapter investigates how the dynamics of social formation in different historical periods led to the emergence of social resistance movements that often engulfed the whole of Bengal. This chapter also establishes two principal points: (a) Bangladesh, as a social formation, is an outcome of numerous resistance movements that took place at different periods in Bengal history; and (b) the local popular masses, the lower rungs of the Bengal society, were the main force behind the resistance movements and the creation of Bangladesh.

The third chapter examines the background to the introduction of neoliberal economic reforms in Bangladesh, the dynamics of social structure that made the introduction of reform policies possible, and the role played by the external agents of globalization. The fourth chapter presents a vivid picture of the economic and social consequences the reform policies have already created in the Bangladesh society. It argues that the massive implementation of reform policies has led to an increasingly unequal society: benefits for few and misery for the majority. It shows that instead of producing benefits for all societal groups, the neoliberal reforms have brought an economic windfall mainly for the business and industrial class.

Chapter 5 analyzes the political repercussions of neoliberal economic reforms. The economic and social disparities created by the reform policies have resulted in social unrest and the determination to block the reform process by different social classes and groups. This chapter broadly deals with the road to resistance movements, the underlying factors that motivated the industrial working class to put up fierce resistance to the reform agenda, the dormancy of rural resistance to liberalization programs in agriculture and the success or failure the resistance movements have achieved in the last two and a half decades. Lastly, the concluding chapter reflects and integrates the main findings of the study and attempts to give shape to the theoretical approach of peripheral resistance to globalization.

Although the completion of the study has been possible due to consistent efforts over a period of four and a half years, still it would be unjust on my part to claim the whole credit alone. A number of people have directly and indirectly helped me with valuable advice, suggestions and cooperation to complete the thesis. I take this

opportunity to express my gratitude to Professor Fred Judson who has helped me more than I had expected. He was more than generous and cooperative in providing helpful comments on the chapter drafts, drawing my attention to many critical issues of political economy and Bangladesh society and also suggesting many views on the research project as a whole. No amount of words can adequately convey my sense of gratitude to him. I am also highly indebted to the other members of supervisory committee, especially Professor Satoshi Ikeda of the Department of Sociology, whose critical insights led me to refine and reshape the research work from time to time. My thanks are also due to many researchers, academics, politicians and members of the working class and the peasantry in Bangladesh whose perceptions and experiences of reform policies have sharpened my understanding of peripheral social resistance and helped me to give a final shape to the study.

I especially wish to thank the library personnel at Rutherford Library, University of Alberta, and the Inter-Library Loan Office of the university for their valuable assistance and cooperation. The University of Alberta is not an ideal centre of learning for South Asian studies; its resources on South Asia, particularly on Bangladesh, are less than adequate. The Inter-Library Loan office was, however, quick to bring the required materials from other Canadian universities to keep me going with the research work. Many thanks are due to all of them. Special thanks are also due to the administrative staff of the Department of Political Science who I have necessarily or unnecessarily bothered from time to time.

A special note of gratefulness is due to the Fund for the Support of International Development Activities (FSIDA), University of Alberta. I

must admit that the completion of this research work could have been quite difficult without the field research grant the FSIDA awarded me in 2001 to cover the expenses for field investigation in Bangladesh that took place from late January to mid-April 2002.

I would like to especially mention that the completion of this research has often required me to spend most of the time for the last six months at my departmental office. This made my wife Afroza Khanam and our two sons- Rifat Shahriar Sajid and Rahat Samihat Shafin sometimes intolerant of my long absence from home. Still, they could forebear with patience and were able to allow me to continue with my efforts. I take this opportunity to express my deep sense of appreciation to my wife and heart-felt love for our two beloved sons. I also express my indebtedness to my parents who have always wished me great success in this venture and wanted me add a prefix of highest academic degree to my name.

Mohammed Nuruzzaman
Department of Political Science
University of Alberta, Edmonton, Canada

August 15, 2003

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List of Abbreviations

ADB	Asian Development Bank
BADC	Bangladesh Agricultural Development Corporation
BBS	Bangladesh Bureau of Statistics
BJMC	Bangladesh Jute Mills Corporation
BILS	Bangladesh Institute of Labor Studies
BNP	Bangladesh Nationalist Party
BRAC	Bangladesh Rural Advancement Committee
CPB	Communist Party of Bangladesh
CPD	Centre for Policy Dialogue
CSP	Civil Service of Pakistan
DFIs	Development Finance Institutions
EPZs	Export Processing Zones
GDP	Gross Domestic Product
IFDC	International Fertilizer Development Corporation
ILO	International Labor Organization
IMF	International Monetary Fund
LDF	Left Democratic Front
NCBs	Nationalized Commercial Banks
NAPAM	National Alliance for People's Movement
NGOs	Non-governmental Organizations

NIP	New Industrial Policy
PIDC	Pakistan Industrial Development Corporation
QRs	Quantitative Restrictions
RIP	Revised Industrial Policy
SAPs	Structural Adjustment Programs
SKOP	Sramik Karmachari Oikaya Parishad
TNCs	Transnational Corporations
TSP	Tri-sulpher Phosphate
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
VDS	Voluntary Departure Scheme
WB	World Bank
WTO	World Trade Organization

Chapter 1: Introduction: Globalization and Peripheral Resistance- The Theoretical Approach*

1.1 Introduction:

International Relations and Global Political Economy, at the dawn of the twenty-first century, are characterized as a struggle between the forces of neoliberal globalization and the forces of social resistance movements (Klein, 2002 & 2000; Smith and Johnston, 2002; Seoane and Taddei, 2002; Houtart and Polet, 2001; Gills, 2000; Bennholdt-Thomsen et at, 2001; and Thomas, 1995). The struggle revolves round the crucial question of who- the society or the neoliberal globalization forces- would have the final say in economic and political decision-making processes, both at national and international levels. While the forces of globalization are stepping up every measure to expand the freedom of capital worldwide, the forces of social resistance are out to put social constraints on capital and stop it from gaining complete freedom. The struggle between the two opposing camps first burst into street violence in Seattle in 1999 and was subsequently followed by even more violent conflicts in Quebec City, Prague, and Genoa. There is no denying the fact that globalizing capital, in the face of stiff social resistance, is faced with unforeseen political and economic setbacks but nonetheless operates with significant leverage at its disposal.

Whilst the spate of social resistance to globalization forces remains very strong at global fora, little is known about the strengths and weaknesses of social resistance to capital at the individual national level. This is particularly true of the developing or underdeveloped countries lying at the periphery of the global economy (1). This study probes the 'state of the art' of resistance movements against globalizing forces in Bangladesh. The broad objective it pursues is an examination of the pattern of

penetration of neoliberal globalization into the Bangladesh economy, the linkages between global and local capital and the impacts the linkages are creating on the economic, social and political structures of this country. To be more specific, it seeks to identify the domestic actors in the Bangladesh society who are structurally tied to globalization forces, transmit globalizing trends into the national economy, benefit from such trends and, by implication, create social resistance to their activities. The other central objective of the study is to explore the broad nature, emerging trends, limitations and prospects of success of the resistance movements.

The thesis this study attempts to establish is that social resistance to globalization forces in the peripheral society of Bangladesh falls short of being a popular movement that can resist or roll back the neoliberal reform agenda or curtail the preponderance of local capital that prefers the speedy implementation of economic reforms. The fragmented nature of civil society, diverse responses of different societal classes and groups to globalizing trends in the national economy and the favorable treatment the ruling elites extend to the capitalist class make social resistance a less sustainable phenomenon. And more importantly, the disunity among the adversely affected classes and groups, their ideological divides, lack of organizational networks to carry forward the movement against capital and the control of pro-globalization liberal political parties over the working class in the organized urban sector eat into the potential of social resistance to globalization forces. The eventual outcome is fragmented resistance that yields to an implicit or explicit acceptance of neoliberal structural reforms and the dominance of capital.

1.2 The Problems of Theorizing Social Resistance

The study of social resistance to globalization forces from a peripheral social context is more than problematic. The difficulties arise out of a clear lack of an agreed-upon definition of the concept of 'social resistance'. There are scholars who view social resistance primarily as political actions and prefer to challenge the globalization forces from a collective political platform. Barry K. Gills (2000: 4), for example, defines social resistance as "a form of political action which should represent the general or societal interest and with the potential to transform the political situation and produce a real alternative". There are also others who see it as an expression of mainly cultural reactions to globalization. Christine B.N. Chin and James H. Mittelman (2000: 30) write that resistance movements "cannot solely be understood as a political reaction to globalization. Rather, in the teeth of globalizing tendencies, resistance movements shape and are constitutive of cultural processes"

Scholarly differences over what resistance is and how it should be defined greatly complicate the problem of theorizing social resistance. A series of issues relating to social agency also complicate the matter when we place the concept of social resistance at the centre of some critical analysis of globalization. There are social forces who benefit from globalization and welcome it; there are others who are hurt and vow to resist it. This explains why broad-based national social coalitions involving all or majority social groups/classes that can prevent the globalization forces from pursuing an anti-social agenda do not come into existence. Still, in the absence of anti-globalization national social coalitions, resistance to globalization forces has not stopped but gained increasing strength. The definition of social resistance this study develops originates from the perspective of social groups and classes adversely affected by the actions

of globalizing actors and institutions. It sees social resistance neither as exclusively 'a form of political action' nor as outright 'cultural reactions', but as 'a struggle for survival' fought in the wider political, economic and social arena. Before we make an articulated attempt to theorize social resistance from this perspective, it is necessary to define the very phenomenon of globalization and unpack the dynamics associated with it.

The Phenomenon of Globalization

Globalization, a buzzword that has gained recognition in the social sciences and humanities for the last two decades, is a highly contested concept (see, Amoore et al, 2000; Jones, 2000; Mittelman, 1997). Different people attach different meanings to it. The lack of definitional clarity reflects scholarly debates over the nature and significance of globalization that take place along social, economic, political and cultural lines. Viewed mostly in economic terms, globalization usually means the recent phenomenal increase in global trade, the internationalization of production and distribution strategies and the unprecedented mobility of global finance capital pushed forward by dazzling advances in information technology. It has political and cultural dimensions as well. While 'political dimension' refers to the implications for political sovereignty or more specifically the 'crisis of the territorial state' that originates out of economic, political and cultural interconnectedness, 'cultural dimension' has come to mean 'westernization' or, in a sharply pointed sense, 'Americanization' of the non-Western world. Globalization is, however, usually seen as making tremendous advances in cross-border economic integration through trade liberalization policies, massive investment flows and growing economic convergence between nations.

Globalization is certainly advanced through 'globalization of national policies' in the first place. The process is primarily shaped by a group of global economic institutions, including the World Trade Organization (WTO), the World Bank and the International Monetary Fund (IMF), and a host of other global economic players, such as, big private corporations, financial establishments and hundreds of giant transnational corporations (TNCs) that mainly reside in the developed world. It is obvious that the global economic players with active cooperation from global economic institutions are taking the best care of their extensive interests throughout the world (Khor, 2000: 4-6). Amoore et al (2000: 15) identify at least four interests, including a) protection of capital and capital accumulation on an expanded scale; b) ensuring the ascendancy of market ideology that supposedly harmonizes state policies and thus facilitates global capital accumulation; c) the emergence of a 'transnationalized institutional authority' that penetrates and bypasses the states for the purpose of capital accumulation; and lastly, d) insulation of the opposing societal forces from state decision-making processes.

Since the dominant economic actors in the developed countries control the process and main thrust of globalization, the interests of the developing countries naturally receive less attention. Globalization is, therefore, a socially, economically and politically uneven process and has different meanings for the vast majority of developing countries. Indeed, what penetrates the developing countries under the rubric of globalization is the neoliberal package of reforms commonly known as structural adjustment programs (SAPs). The policy choices SAPs advocate comprise three important elements: dismantling the role of the state in economic development, liberalization of trade and investment regimes, and privatization of economic activities.

The World Bank and the IMF present SAPs as growth-oriented and business-friendly but the real objectives can be quite different. Susan George (2001: 14) mentions that the neoliberal advocates seek to achieve three fundamental points through their efforts at the international level: 'free trade in goods and services; free circulation of capital; freedom of investment'. To achieve this goal the World Bank makes loans conditional on implementing SAPs by the developing countries. By 1991 the number of conditional loans amounted to 114 (George, 2001: 12).

It should be emphasized that SAPs cover a broad range of policies from macroeconomic issues to social policies and a host of other structural issues like privatization of state-owned enterprises, trade liberalization, financial reforms, corporate laws and governance. Loan availability from the World Bank and the IMF depends on whether or not the developing countries are willing to implement structural reforms in all these areas (Khor, 2000: 5). This makes the point abundantly clear that the primary purpose of SAPs is not to promote economic growth but to force the developing countries to conform to the rules and regulations of globalization designed by the dominant economic actors in the developed world. Some analysts also associate SAPs with the World Bank's and the IMF's strategy to redirect resources to export promotion in the Third World for debt repayment purposes. This, according to a former IMF economist, has resulted in the death of six million children under the age of five in Asia, Africa and Latin America and forced more than 1.2 billion people in the Third World to live in absolute poverty in the decade of the 1980s (Budhoo, 1994: 21-22).

There are other socio-economic, political and cultural grounds to be skeptical of the SAPs' version of globalization advanced by the World Bank and the IMF. In general, economic inequalities have been a

characteristic feature of both developed and developing societies but the inequalities have sharply increased in the last two decades when neoliberal globalization has been in operation throughout the world. According to the 1999 Human Development Report, the income gap between the top 20 percent people in the developed countries and the bottom 20 percent people in the poor countries was 30:1 in 1960 but had doubled to 60:1 by 1990 and then further widened to 74:1 by 1997. By the late 1990s, as a result of the inequalities in income and wealth distribution, the top 20 percent of world's population had 86 percent of world Gross Domestic Product (GDP) and the poorest 20 percent had only 1 percent of world's GDP (UNDP, 1999). In clearer terms, the inequalities mean the massive concentration of economic wealth and corresponding economic and political powers into few hands, mainly in the developed North America, Japan and Western Europe.

Economic inequalities are also widening across societies in the developed as well as developing countries. In the United States, the citadel of global capitalism, the pattern of income distribution in the 1980s, for example, was so skewed that it almost upset the domestic economic balance. The top 1 percent of American families recorded a 50 percent increase in their income while the top 5 percent increased theirs by 23 percent and the top 10 percent achieved a significant increase by 16 percent (George, 2001:13). The inequalities in income were even sharper in many developing countries in the South and the transitional economies in Eastern Europe. The United Nations Conference on Trade and Development (UNCTAD) carried out some 2,600 separate studies on income inequalities and impoverishment and reported in 1997 that neoliberal economic policies resulted in rising trends in income inequalities across a wide range of societies stretching from transitional to developing economies (UNCTAD, 1997). At the individual country level,

reference may be made to Bangladesh which has been implementing SAPs for the last two and half a decades. The top 5 percent of people in this poor country increased their share in national income from 18.85 percent in 1991/92 to 23.62 percent by 1995/96 while the share of the bottom 5 percent fell from 1.03 percent in 1991/92 to 0.88 percent by 1995/95. This ominous development took place in a gap of only 5 years (Bangladesh Bureau of Statistics, 1996).

The political and cultural thrusts of globalization are equally ominous for the developing countries. The formulation of SAPs springs out of a sweeping generalization that whatever applies to the developed countries is also applicable to southern developing countries. This is a denial of the often articulated understanding that development policy options and outcomes are largely dependent on national contextualities and the matrix of cultural values. Every country has its own social, political, economic and cultural institutions which are deeply embedded in its social and historical contexts. Broad generalizations are bound to be ahistorical and incongruent with the socio-economic and historical realities of different societies (cf. Gills and Philip, 1996; Brohman, 1995). The neoliberal pattern of generalizations denies local cultural diversities, opposes a pluralist world and undermines the possibility of different routes to development suitable for different peoples and their distinct cultures.

Environmental concerns associated with globalization, such as forest destruction, pollution caused by mining and oil-drilling, the construction of large dams resulting in massive dislocation of thousands of peoples and the concern for preserving important habitats have also led campaigners to resist corporate globalization worldwide. (cf. Mittelman, 1998 & 2000; Kingsworth, 1999). The emergence of environmental protection fronts such as 'Earth First!' and 'Earth Liberation Front' in North America and

Europe clearly point to the determination of people to save 'mother earth' from destruction by corporate actors. The invasions by loggers, miners, forest road-builders and dam constructors are generally not in the interest of the poor majority and their survival in the world. This and the above-mentioned socio-political, economic and cultural reasons provide the rationales for social resistance to globalization forces.

Theorizing Peripheral Social Resistance

Available literatures on globalization fall short of providing any well-developed theoretical or conceptual frameworks that can be applied to study peripheral resistance to neoliberal structural economic reforms. There are, however, a number of individual studies that attempt to conceptualize ideas of resistance from different perspectives. Some scholars have proposed ideas and strategies of resistance to globalization forces through democratic control of capital, production and distribution processes (Kapstein, 1998/99; Albo, 1996), while others emphasize the need for civil society activation to fence in the forces of globalization (Esteva, 2001; Cheru, 2000; Pieterse, 1997; Falk, 1997). These scholars, with the exception of Kapstein (1998/99), share a common view that grassroots-based resistance movements are the keys to fend off the basic thrust of globalization. Still, glaring differences exist over possible strategies or tactics that can be experimented with or applied to regulate the onrush of globalization forces or to rewrite the rules of globalization. These authors also suffer from considerable vagueness about what resistance actually means. It is asserted that the neoliberal precepts that facilitate or sustain globalization need to be checked or, in the extreme, be stopped. But it is not clear where resistance actually is expected to go. There is no discussion on alternatives to neoliberal globalization either

that may promise a better future at least for the affected and vulnerable societal groups and classes.

The leftist pundits (Amin, 2000; Panitch, 2000; Bourdieu, 1998; Chomsky, 1998; Wallerstein, 1999), who Takis Fotopoulos (2001: 242) broadly labels 'reformist Left', in a similar fashion emphasize movement from below to force the state to introduce measures to regulate neoliberal globalization. They see globalization not as an obvious outcome of a fundamental structural change in the global economy but as an old phenomenon that has existed for some 500 years. The latest capitalist expansion or globalization has been possible due to some exogenous changes in economic policy aided by unprecedented developments in information and communication technologies. The neoliberal globalization that has been in place for the last two decades has already produced adverse effects on the working classes, vulnerable groups and the environment. The movement from below, conceived by these leftist pundits, aims to expand social controls over free market economy and thus protect labor and the environment (Fotopoulos, 2001: 238).

Pierre Bourdieu (1998), Leo Panitch (2000) and Noam Chomsky (1998), in particular, attribute a special role to American corporate capitalism which seeks to promote its maximum interests via some kind of neoliberal conspiracy. In their view, the worldwide campaign for a free market economy is the result of a deliberately coordinated imperial policy to universalize the specific characteristics of American economy. These Left scholars, therefore, look to the state to play a leading role to minimize the influence of the American corporate capitalism-led globalization process. The pressures from below to be created by the anti-globalization social forces will bear on the ruling elites across the globe and could succeed in bringing about a reversal to the free market economy.

There are two main weaknesses inherent in the Left approach to social resistance. The leftist pundits prefer to return to some form of statism in their fight against globalization forces. This is, at best, an unrealistic hope built on some fledging grounds. It can hardly be ignored that the state and ruling classes in different countries are more aligned with or friendly to the needs and aspirations of capital and less sympathetic to the needs and priorities of the popular masses. It is not that easy for the ruling elites to neutralize the influence of the capitalist class. Even in the context of the developed world, the state, in most cases, is vulnerable to the pervasive influence of the financial and industrial capitalist classes. The German Finance Minister Oscar Lafontaine, for example, was fired in 1999 when he tried to raise the tax burden on German firms, including Deutsch Bank, BMW and Daimler-Benz. When the firms threatened to switch investments and factories abroad, Chancellor Gerhard Schroeder decided to drop Lafontaine from his cabinet. Such is the power of capital that also works in the developing world (Hertz, 2001).

The hope for pressure from below may not prove very realistic, either. The leftist pundits are generally optimistic that civil society actors, in an attempt to thwart the onrush of globalization forces, would build movements to exert pressure on the state. But 'civil society' is an elusive concept that includes everything except the government and perhaps also political parties. It consists of divergent social forces- from nationalists to progressives to reactionaries- that pursue divergent social interests. The landlords who exploit the small and marginalized farmers and the wealthy industrialists who employ workers at starvation wages are also members of civil society. There is no common thread uniting the divergent social forces and this, in effect, points to a built-in multiplicity in the domain of civil society. Indeed, it would be very difficult to overcome the

fragmentation of interests and identities in civil society and forge a common platform to wage a successful battle against the forces of globalization. The divergent pattern of identities and interests make each and every national civil society, let alone a global civil society, presently an untenable concept. Nevertheless, global civil society movements have made some notable successes on the debt cancellation and anti-personnel landmines fronts in the 1990s but similar successes against national pro-market reform policies are scant.

'Critical Political Economy' School and Social Resistance

Many scholars of the 'critical political economy' school (for example, Cox, 1981; Gill, 1993; Gill and Mittelman, 1997; Chin and Mittelman, 2000; Cerny, 2000; Birchfield, 1999; Inayatullah and Blaney, 1999) have made use of the theoretical works of Italian communist leader Antonio Gramsci and British social democrat Karl Polanyi. These two theoreticians produced their works in the first half of the twentieth century when globalization did not made its presence so strong as it happens to be the case in the present context. Yet their theoretical frameworks are of enormous interest and an examination is necessary to determine whether these have any relevance to the study of peripheral social resistance.

a) Gramsci and Counter-hegemony

While in prison, Antonio Gramsci articulated his thoughts on a wide array of topics that were subsequently published in a book form, *The Prison Notebooks* (1971). In this book he tried to unpack the complex nature of relationships between base and superstructure and developed a sociological understanding of the role of social and cultural institutions that reproduce capitalist social relations. Gramsci argues that the dominant

social classes do not solely depend on the coercive powers of the state to establish social hegemony; rather, they maintain hegemony through civil society institutions, including church, family, schools, media and associations. The civil society institutions produce subaltern classes' consent and transmit it in such a way that legitimizes the existing social order. This is how the dominant institutions of capitalism survive and enjoy social recognition.

This explanation of hegemony led Gramsci to offer a politics of resistance to the hegemonic power of the capitalist class. The process of hegemony, according to him, is never complete; it crumbles as soon as the subordinate classes can effectively challenge it. Gramsci terms the struggle of the subordinate classes against the dominant capitalist classes as 'counter-hegemony'. Attempts at establishing counter-hegemony require the subordinate classes to wage the 'war of movement' and 'war of position' against the state. Both types of war mean collective actions to seize control of state power. The capture of state power is possible when the subordinate classes develop the consciousness about their life and existence in the capitalist society and a critical understanding of their subordination to the dominant classes. Gramsci expected 'organic intellectuals' to help create critical consciousness and mobilize the subordinate classes for a national popular movement.

But how is Gramsci's idea of counter-hegemony relevant in the present context? It should be, at the out set, noted that Gramsci lived in a period devastated by the horrors of bourgeois imperialism (World War I). The anti-imperialism and anti-war feelings were undoubtedly high in the aftermath of the First World War and the call to establish peace and economic justice through alternative social systems had special appeal to the subaltern groups and classes. Compared to the world of the 1920s and

1930s, the world of the twenty-first century is a quite different world in many respects. The collapse of socialism in the former Soviet Union and Eastern Europe had paved the way for bourgeois domination on a new scale but alternative programs to replace the bourgeois social order are hardly making any headway in this age of globalization. The conditions for a "national" revolution to succeed that existed in the first half of the twentieth century can no longer be found in our present context. Apart from the historical differences, there are other important factors that make Gramsci's model less applicable to the struggle against globalization forces.

Gramsci's principal objective was to capture state power by overthrowing the capitalist classes through a national popular movement. He identified the state as the prime target of popular movement but in this age of globalization the state, particularly in the southern developing world, is seen to assume a truncated role and hence is far from exercising complete control over domestic socio-economic, political and cultural affairs. The state in the South is more permeable to overt and covert influences that largely emanate from sources external to the national boundary and the state often willingly and sometimes unwillingly transmits external dictations into national society. A clear example is the package of policy reforms coming down from the IMF and the World Bank. The point is that the state acts in a myriad of inter-linkages- national, regional and global. Capture of state power may not resolve the problems of the subordinate classes but further complicate matters for a particular nation-state as well as the subordinate classes.

Secondly, Gramsci took the solidarity of the subordinate classes, when they develop critical consciousness of their social position/existence, as something guaranteed, but realities are quite different. The fragmentation

of identities and interests, as discussed above, plagues any civil society and the subordinate classes are not immune to this problem. This discourages the forging of a common alliance for social change or a counter-hegemonic project.

b) Polanyi and the idea of 'double movement'

Karl Polanyi conceptualized resistance as social counter-movement to check the excesses of the market economy. In his book *The Great Transformation: The Political and Economic Origins of Our Time* Polanyi explained how the state-supported self-regulating market under *laissez-faire* capitalism in the nineteenth century set the prelude to the two world wars and the inter-war Depression. The government of Great Britain at that time supported the operation of a free market economy in an attempt to destroy the feudal institutions and the vestiges of mercantilism. But the installation of the self-regulating market soon produced enormous social costs that resulted in social welfare movements from within the state. The need to re-regulate the market mechanism arose in order to reassert the powers of the society over the economic forces. Polanyi wrote: "To allow the market mechanism to be sole director of the fate of human beings and their natural environment ... would result in the demolition of society" (Polanyi, 1944: 73). Ultimately, the government had to intervene to re-establish social supremacy over the market; this is what Polanyi termed the 'double movement'. An explicit outcome of the 'double movement' was the establishment of the post-war liberal welfare state across Western Europe and North America.

The concept of 'double movement' provides the rationale for many scholars (see, for example, Melucci, 1985) to characterize the social movements against globalization as a form of resistance. The idea is that

the social movements across the globe are pursuing the goal of checking the destructive nature of global capitalism based on some sort of social solidarity. While Polanyi primarily visualized resistance to the market economy within the confines of nation-states and with support from the ruling elites, the contemporary problems of globalization- particularly, cross-border economic operations of the transnational corporations and environmental degradation- transcend national borders and make the possibility of transnational effective 'double movement' problematic.

Chin and Mittelman (2000: 35-36) argue that the lack of a sense of collectivity and organizational structure are the two main problems the exponents of global social movements usually overlook. The sense of collectivity, which is crucial to the success of social movements, exists less at the global level. The differences of race, religion, class and nationality may well be insurmountable. Although some environmental movements like 'Greenpeace' and 'Friends of the Earth' have their own organizational networks, the vast number of social movement associations in the north and southern countries lack any well-coordinated organizational base linking them together. Lack of extensive transnational dialogues between northern and southern social movement organizations, limited geographic or localized nature of perceptions about resistance, indifference to corporate control of politics and differences over the forms and patterns of global governance also undermine the potential for global social movements to check or regulate the forces of globalization (Broad and Cavanagh, 2000: 204-206). In addition to that, the criticisms leveled against Antonio Gramsci's framework also apply to Karl Polanyi's framework. This clearly points to the necessity to develop a new theoretical framework to study peripheral social resistance to neoliberal economic reforms.

1.3 A New Theoretical Approach

In marked contrast to the existing notions of social resistance (for example, Chin and Mittelman, 2000; Gills, 2000), this study defines resistance as 'a struggle for survival'. The struggle for survival is primarily an economic struggle and is fought in the wider political, economic and cultural arenas by the societal groups severely affected by the consequences of neoliberal economic reforms. The threats to survival arise out of real possibilities of further economic marginalization in an already highly differentiated national social structure. Survival can be ensured by securing the minimum economic needs for everyday life. Survival is not, however, anything guaranteed under the free market economy; it is ensured through political actions, violent or peaceful. The fear of loss of jobs arising out of privatization of economic activities or cuts in government expenditures that slash jobs and a sense of marginalization can instantly provoke strong resistance movements. The target of resistance movements is the state, against which public wrath is directed; the objective is not to capture state power, but to halt or push back the neoliberal reform agenda.

The threat of further marginalization, sharpened by historical deprivation of the lower social strata, fosters a sense of collectivity among the adversely affected groups and classes and motivates them to resist policies antithetical to their interest. In the process, they develop a sense of belonging to a common platform, a platform of symbolic unity to launch collective actions. The identification of common threat and the necessity to safeguard common interest help the affected groups overcome their diverse professional orientations (e.g., industrial or agricultural backgrounds) and converge on a common program- the program of survival through the minimization of the adverse impacts of structural

economic reforms. The program of survival may not depend on the articulation of a particular ideology; rather, the instinct to survive lies at the base of resistance as a struggle for survival.

In the peripheral society of Bangladesh, the groups most affected by reform policies- particularly privatization of industries and agricultural inputs business, trade liberalization, and the abolition of social welfare provisions- are the industrial workers, the urban poor and rural landless, small and marginalized farmers. They are the main actors who are increasingly engaged in waging resistance movements against neoliberal globalization forces. Structural economic reforms mostly culminate in the retrenchment of industrial workers and lead to further marginalization of the peasantry. The withdrawal of agricultural subsidies has hurt the poor peasants who also suffer at the hands of private agricultural inputs business coteries. This is what creates a real sense of insecurity among the affected groups and classes and leaves them with no option but to resist neoliberal reforms to ensure the possibility of survival.

The struggle for survival receives very little support from the state, or other societal groups in general, and that sharply contrasts the hope for civil society pressure to win over the elites as envisioned or expected by the leftist scholars. There are both internal and external reasons that effectively discourage the ruling elites from siding with the affected popular masses. At the domestic level, the state or ruling elites very much depend on the support of the dominant economic classes- the industrial capitalist and business community- and the ruling elites for the sake of their own survival are more concerned to keep the chemistry of social alliances in their favor. No ruling party would be willing to risk its political power by extending unilateral support to the cause of the affected groups. On the external front, since the states in the periphery are

economically weak and vulnerable and depend on aid and credits from bilateral or multilateral institutions in varying degrees, they are unable to reject economic reform policies prescribed by the IMF and the World Bank. Growing domestic pressures exerted by the industrial and business classes who benefit from reforms also force the state to comply with IMF-World Bank dictates. The capacity of the state to act independently is thus severely circumscribed and makes it more or less indifferent to the needs and priorities of the groups affected by reform policies.

The possibility of the emergence of broad-based social coalitions with a strong commitment to the cause of the affected groups also appears to be less promising. Different societal groups perceive reform policies from their respective vintage points. There are people like highly skilled professionals, contractors or educated youth who reap benefits in a free market economy simply because economic reforms create new avenues of income and employment opportunities for them. The upper and middleclass consumers also welcome reforms as they get the opportunity to buy the latest finished goods at cheap rates from a wide range of local and foreign selections. Eventually, the idea of effective pressures emanating from broad-based civil society movements to bear on the ruling elites turns out to be a far-fetched outcome.

In the final analysis, the task of social resistance to neoliberal economic reforms is mainly left to the adversely affected and vulnerable groups. Pitted against neoliberal economic reforms, industrial labor, small and marginalized farmers and the poor in general are the real torch-bearers of resistance movements against globalization forces. But the success of social resistance by the affected groups and classes depends on the level of their consciousness, class solidarity, able leadership and organizational structures to spearhead the movement on a sustained basis. Deficiencies in

class solidarity, organizational structures and spirited leadership may seriously frustrate efforts at social resistance to neoliberal structural reforms. Still, the bare necessity to survive will continuously motivate the affected groups and classes to devise and implement actions-oriented plans and programs to resist globalization forces.

This study applies the above theoretical approach to examine the state of social resistance to neoliberal economic reforms in Bangladesh. The decision to use Bangladesh for a case study originates from two prime considerations. First, Bangladesh has been a leading initiator of economic reforms fashioned on the World Bank- IMF neoliberal model. In fact, it embarked on programs to privatize economic activities and liberalize the market in the mid-1970s, well before the World Bank and the IMF formally launched SAPs in the early 1980s.

Secondly, Bangladesh's experience of globalization is not a new experience; its interactions with the world economy are rooted deep in history. Historically a part of pre-colonial and colonial Bengal under the Mughal (1576- 1757) and the British rulers (1757- 1947), the economy of Bangladesh came to be tightly integrated with the world economy by the mid-nineteenth century. Bengal, by that time, was specializing in the commercial production of jute, indigo, sugarcane and tea. The revolution in world communications, particularly the opening of the Suez Canal and the introduction of railroads in Europe, North America as well in India by the mid-nineteenth century, brought unprecedented opportunity for the export of Bengal's agricultural products to world markets (Chaudhuri, 1970). Bangladesh's exposure to globalization in its current phase for the last two decades is, therefore, a matter of degree, not a new experience. But how this country has experienced neoliberal economic reforms and what societal consequences the reforms have produced is a subject worthy

of scholarly exploration. The choice of Bangladesh for this study is squarely premised on that ground.

1.4 A Brief Note on Methodology

The completion of this study has followed the usual methodological procedures. It has extensively used both secondary sources and primary information in the preparation of different chapters. Particular attention was focused on obtaining latest published materials and other information, including government documents, academic research works on Bangladesh's tryst with free market economy to present the study as an up-to-date research work. It has directed special efforts to understand the dynamics of structural economic reforms and popular resistance to the reforms in Bangladesh economy and society by concentrating mainly on Bangladeshi sources, views and perspectives.

The use of primary information, generated by field-level interviews, formal and informal discussions with members of the working class and the peasantry, constitutes a major component of the research. In order to develop a better understanding about the perceptions and views of groups and classes affected by structural adjustment policies and their course of actions, I undertook a long field investigation from mid-January to late April 2002 and visited different parts of Bangladesh. Visits to industrial areas and contacts with trade union leaders were mainly confined to Dhaka, a major industrial region of the country. It gave me an extra advantage of getting in touch with the Dhaka-based leaders of major national political parties, particularly the leftist political parties and their affiliated trade unions.

Interviews and discussions with peasants about structural reforms in agriculture were conducted mainly in two geographic areas- south-west and north-central Bangladesh. The rationale behind undertaking field investigations in those two geographic regions was to contrast information obtained from one region with that of the other region. Despite remarkable homogeneity in language, culture, religious practices and manners, I preferred to carry out the field research in those two regions to explore whether local politics, party affiliations, relations between local politicians and the peasantry, village power structures or the gaps between the rich and the poor peasants make any difference in terms of perceptions of and reactions to the agricultural reform program. No major differences in perceptions or reactions could, however, be observed.

The interviews and discussions with leftist politicians, trade union leaders from both left-leaning and rightwing persuasions and members of peasantry have proved enormously useful to comprehend many critical points and issues of economic reforms about which I had no knowledge. The information they revealed to me has been extensively used in this research, especially in the preparation of chapter five of this study.

Note:

* A version of this chapter has been submitted for publication to *International Studies Perspectives*.

1. There is no agreed upon definition about a peripheral society. The developing countries in the south are in general referred to as peripheral societies but such a broad generalization can be sustained neither practically nor academically. This is exactly because not even two

developing societies are alike in terms of socio-economic and political development, social formations, historical experiences and socio-cultural institutions. Still, for the purpose of this study, a peripheral society may be defined as a society which is less integrated with the global economy. Such a society is characterized by insufficient economic and human development, low level of technological advancement and poor living standard of its people. Its overall presence in the global economy, in terms of production, foreign trade and financial transactions, is nearly invisible but from the viewpoint of top-down policy prescriptions and policy implementation such a society assumes significance for the promotion of the so-called economic convergence between nations propagated by global economic institutions.

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Chapter 2: Bangladesh: A Brief History of Oppression and Resistance

2.1 Introduction

Resistance to foreign invasion, rule and domination or social and economic injustices perpetuated by local or foreign despots occupies a significant part in the historical narratives of many countries. The cultures or practices of resistance, it can be said, largely determine the major course or general patterns of historical development of a nation. The focal point is how the cultures or practices of resistance develop in the first place and then shape the course of a nation's history. There are economic and social as well as cultural dynamics behind the narratives of social resistance that fosters the unavoidable linkages between our distant past and the present. Today's resistance movements against the unfettered operations of globalization forces are not any isolated phenomena; the very *raison d'etre* of such movements lie in our past historical experiences with capitalist development and exploitation. In order to comprehend the true nature and gain a broader perspective on the ongoing waves of resistance to globalization both at global and national levels it is necessary to look back at past history.

Historically, Bengal and the modern state of Bangladesh has been a region ruled by foreign invaders from 'time immemorial'. Except for a brief period from the mid-eighth to the mid-twelfth centuries when Bengal was under the rule of the locally-arising Pala dynasty, this region has witnessed successive invasions and domination by the Sena dynasty (A. D. 1150- 1202), the Turko-Afghan dynasties (A. D. 1202- 1576), the Mughals (1576- 1765), the British colonizers (1757- 1947) and the Pakistani rulers (1947- 1971). In ancient times, the two great north India-based empires-- the Mauryan Empire (ca. 320- 180 B. C.) and the Gupta

Empire (320- 647 A. D.)-- also established sway over Bengal and subjected its people to their domination. The long foreign rule and domination resulted in countless resistance movements aimed at either overthrowing the yoke of domination or curbing ruthless iron rule imposed by the invaders. According to historical accounts, some 110 to 180 resistance movements organized by members of the Bengal peasantry took place during the British period alone (Chakraborty, 1992: 178). Historical accounts of such movements taking place in ancient Bengal are not numerous; we come across only a few historically documented such movements during the Sena dynastic rule and the Muslim period in Bengal history.

This chapter presents an analysis of the historically documented resistance movements that took place at different periods in Bengal and Bangladesh history, maps out the historical contexts in which the resistance movements developed, highlights the factors responsible for the success or failure of the movements and assesses their impacts on the broad course of Bengal and Bangladesh history. The analysis is, however, restricted to some of the most significant resistance movements that greatly convulsed Bengal society and shaped its future directions. It argues that resistance movements primarily originated out of the social structures with significant economic differentiation that characterized Bengal and Bangladesh history at different points of time. When there were no differentiated social structures or formations in existence, for example in ancient Bengal, opposition to alien religious and political values played the major role to stir up the local popular masses to build up resistance to the alien rulers. While analyzing the broad contours of the resistance movements, this chapter seeks to establish two principal points: (a) it is the local popular masses, the lower rungs of the society, who were the main actors of the resistance movements; and (b) present-day Bangladesh

is an outcome of the numerous resistance movements waged by the local popular masses.

Different historical contexts provided different sets of dynamics for the development of resistance movements. The Muslim period, for example, was far different from the British period in terms of economic, political and social organization in Bengal. For convenience of discussion, we divide the long period of history into four sub-periods: the ancient period (B. C. 1000-1202 A. D.), the Muslim period (1202- 1757), the British period (1757- 1947), and the Pakistan period (1947- 1971). This pattern of periodization helps us to characterize Bengal society and the development of social resistance under the successive domination of foreign invaders and rulers. A brief discussion on the nature of resistance movement in post-1971 Bangladesh will also be presented at the end of this chapter.

2.2 Resistance Movement in Ancient Bengal (1000 B. C.- 1202 A. D.)

Bangladesh, the land of the Bangla-speaking people (1), emerged independent in 1971 by breaking away from the then United Pakistan. But historically it has been a part of Bengal comprising the territories of present-day Bangladesh and the Indian province of West Bengal. One scholar, however, extends the border of Bengal up to Bihar, as the Magadha province of Bihar was once under the control of the Pala Dynasty of Bengal (A. D. 750- 1150) for a long time (Mohapatra, 1995: 41). Throughout history Bengal has been a single social, historical and geographic entity. It was only in 1947 that Bengal was divided into two separate states- the western part of Bengal, retaining the name West Bengal, joined the Indian Union and the eastern part of Bengal joined Pakistan and subsequently came to be known as East Pakistan.

The history of Bengal dates back to, at least, 1000 B. C. Historians believe that the *Bang* or *Vang* tribe of the Indo-Aryans, who arrived and settled in the Indus Valley ca. 1500 B.C., came down to the lower Ganges Valley in 1000 B. C. and named the area *Banga,* which actually reflects the name of the tribe. Such a belief is supported by the presence of the term *Banga* in early Sanskrit literature (Baxter and Rahman, 1989: 8). At the advent of Muslim conquest of Bengal in 1202, the region was known as 'Bangala'. The Portugese East India Company called it 'Bengala' and the English in the eighteenth century gave it the name 'Bengal' (Sen, 1970: 1).

According to historical accounts, Bengal was first drawn into the north India-based Mauryan Empire (ca. 320- 180 B. C.) established by Chandragupta Mauryan. Emperor Ashoka (273- 232 B. C.), the best known Mauryan ruler, succeeded in establishing a well-administered and politically integrated empire but after his death Mauryan imperial control over Bengal collapsed. The eastern part of Bengal or East Bengal (present-day Bangladesh) established an independent kingdom which came to be known as 'Samatata'. Although politically independent, Samatata was a tributary state under the Gupta Empire (ca. A. D. 319- ca. 540). Thereafter, Bengal came under the control of the Harsha Empire (A. D. 606- 647). Emperor Harsha, the founder of the Harsha Empire, died in A. D. 647 and following his death disunity followed throughout the empire. Bengal was engulfed in a state of political chaos for almost a century. Under chaotic political conditions, a local Buddhist Chief named Gopala captured political power in A. D. 750 and established the Pala Dynasty (A. D. 750- 1150). The Palas were originally the inhabitants of Bengal and the dynasty they established was the first indigenous dynasty of the local Buddhist people. The Pala rule in Bengal came to an end in 1150 when the migrant Senas from South India, who were orthodox Hindus, overthrew the Palas and seized control in Bengal. The Sena Dynasty ruled Bengal for

a short period from 1150 to1202 (Baxter and Rahman, 1989: 8; Blood, 1989: 4).

We know very little about the social structures or social formations of ancient Bengal. There is a dearth of source materials like inscriptions, statutes or monumental records about the social and economic history of the peoples of this period, particularly the earliest period from 1000 B. C. to 750 A. D. From the ethnological point of view, ancient Bengal was inhabited by two types of peoples: the primitive indigenous tribes and the Aryans. The primitive tribes included the *Kols, Sabaras, Pulindas, Hadi, Dom, Candala*, and *Mlecchas*. The Aryans, who were racially of the Indo-Iranian stocks, came through Afghanistan and north-west India to conquer and settle in Bengal around 1000 B. C. (Mohapatra, 1995: 93). The Aryans came with superior military techniques, culture and civilization and they put the primitive tribes under their tight control.

There is no doubt that agriculture was the mainstay of economic life of ancient Bengal as was the case in and outside India at that time. It can be safely assumed that since agricultural land was in adequate supply in proportion to the total population, marked economic differentiation and marginalization were absent from the social structures. Still, in the absence of information, it is not possible to conceptualize peasant- state relations up until 750 A. D. at the beginning of Pala rule. There is, however, some information about the economic and social life of people under the Pala Dynasty (A.D. 750-1150) and these details have come down to us through accounts of foreign travelers and archaeological research (Mohapatra, 1995: 129).

During the Pala Dynasty the agrarian system in Bengal was based around villages, which were the basic units of production. The people lived in

villages of different sizes usually in groups for cultivation purposes. The villages consisted of various parts- the village habitat, the arable land and the pasture of live stock. Each village had its own drainage systems, water tanks, reservoirs and temples. Although villages were human settlements based on agricultural land, little is known about the land tenures and tax systems of the Pala period. In the absence of well-defined property rights under the Palas, it can be inferred that the ruler or the king was the proprietor of lands. The king could make land grants to religious foundations or temples for pious purposes or sell plots of land to the individual purchasers (Mohapatra, 1995: 130-132). The rights of the cultivators on the soil are not known but they were under obligation to pay various taxes (Ghosal, 1973: 60). There were various officers in charge of levying taxes from the producers, which indicates that some sort of revenue administration was in operation under the Pala rulers. One type of officers, called *sasthadhikrta*, was responsible for collecting taxes on agricultural products (Mohapatra, 1995: 134).

Although economic differentiation was absent from ancient Bengal, the same cannot be said of social differentiation. Since very ancient times social classifications based on religious edicts came to dominate social life in Bengal. The first phase of the Brahmanic age that dominated social and religious life in ancient India up to B. C. 600 also had its impacts on Bengal. During the Gupta Empire, the orthodox Hindu Brahmins spread their influence all over Bengal. From the period B. C. 600 to A. D. 800 or 1000 Buddhism was the dominant religion in eastern India, although the social influence of the Brahmins was never obliterated. There was a revival of Brahminism (the ritualistic practices and the social order introduced by the Brahmins) from about A. D. 800 and it continued for several centuries. The Brahmins, as the priestly class, introduced the rigid caste systems and put the actions of human beings under the tyranny of

caste rules (Wheeler, 1961: 3 & 7). The whole society was divided into four main groups: the Brahmins (the priestly group), the Kshatriyas (the warrior group), the Vaishyas (the farmers) and the Sudras (the serfs). These four-fold divisions eventually expanded into numerous castes and sub-castes. It is assumed that racial and tribal factors and the development of different professions based on numerous arts and crafts played the major role in the expansion of castes and sub-castes (Risley, 1890).

Social differentiation along caste and sub-caste lines continued under the rule of the Pala Dynasty. Despite being Buddhists by religious faith, the Pala kings did not do away with the Brahminical caste systems. Rather they left the caste systems untouched in conformity to the holy scriptures of the Hindus. The Pala rulers regularly invoked Lord Buddha before any official ceremony and as devoted Buddhists they tried to spread the teachings of Buddha throughout their empire while doing no harm to other religions. Their respect for religious tolerance is supported by various historical evidence. Narayanapala, for example, appointed Brahmins as his ministers and he also built a temple of Siva, the Hindu god. Madanapala's chief queen Citramatika regularly listened to the recitation of the Hindu religious book *Mahabharata* (Mohapatra, 1995: 60).

This chapter of religious tolerance and amity came to an end with the overthrow of the Pala rule and the establishment of the Sena Dynasty in Bengal in 1150. Sena rule soon set Bengal on a course of religious discontent that subsequently burst into resistance to the Brahmins and the Sena rulers.

Religious Resistance and Conversion to Islam

The Sena Dynasty (1150- 1202) did not spring out of Bengal but came from Karnataka in South India and they settled in the western part of Bengal. They were ardent believers in Brahminism and followers of Brahminical hierarchical social order. During their rule Hindu migrants from north and central India, particularly from Uttar Pradesh and Bihar, came to Bengal with a social belief in rigid caste systems. The Senas also invited Brahmins from north India to firmly establish the Hindu hierarchical social order in Bengal. In the ascendancy of political power, the Brahmins stood next to the king and the whole gamut of state affairs was managed under their advice. They received lavish land endowments from the Sena kings and developed as a prosperous class in Bengal society. Such privileged social position made the Brahmins arrogant and they looked upon other castes with much disdain (Roy, 1986: 344).

The Buddhists were the prime victims of Sena religious and economic policies. Backed by the Sena political powers, the Brahmins let loose waves of religious repression on the Buddhists and pushed them hard to take a back seat in the social, economic and political affairs of Bengal (Mitra, 1954). The social tyranny of the Brahmins reached such an extent that the Buddhists were persecuted off and on; they became an object of hatred and were abused publicly. The Brahmins further cornered and socially isolated the Buddhists by declaring that it was a great sin to enter the house of a Buddhist. Sighting a Buddhist Monk with a yellow robe was also considered a bad omen (Roy, 1986: 354). The Brahmins thus tried to eliminate Buddhist religious influence from Bengal society.

Such policies of social persecution gradually led to a serious rivalry between Buddhism and Hinduism, and the Muslim conquest of Bengal in 1202 took place at this peak hour of rivalry between the Hindus and the Buddhists. In protest against Brahminical tyranny and persecution, the Buddhist masses joined hands with the Muslims and embraced Islam as their new faith. The lower strata of the Hindus who were also suffocating under Brahminical oppression and the rigidity of the caste systems also welcomed Islam. The process of conversion started in the thirteenth century and continued for several hundred years. The Muslim sufis (spiritual leaders) played a prominent role in attracting the oppressed Buddhists and Hindu lower strata to the universal principles of equality and brotherhood of Islam (Qureshi, 1962; Karim, 1959; Khan, 1964; Khan, 1985).

There are, however, fierce controversies over the actual identities of the converts- were they originally Buddhists or low caste Hindus? The controversies started right after the release of the first census of Bengal of 1872. Contrary to popular belief that held Bengal to be a domain of the Hindus, the census revealed that almost half of the people of Bengal (48 percent) were Muslims principally residing in the areas that now constitute present-day Bangladesh. Mr. Beverly, the census commissioner, attributed this high percentage of Muslims in Bengal to the conversion of low caste Hindus to Islam. He also argued that Muslim migrants from north and other areas of India were unlikely to contribute to the swelling of the numbers of Muslims in Bengal since it was the remotest area from the centre of Muslim power in Delhi. Mr. Beverly held the conviction that the conversion of the former Hindu inhabitants of Bengal played the major role (Ahmed, 1981:113).

Beverly's theory of the lower caste Hindu origins of Bengal Muslims soon found more or less acceptance among the educated people. Many Hindu and Muslim scholars carried out further research on local conversion and came to the conclusion that Bengal Muslims were, indeed, from the lower strata of the Hindu society (Wadud, 1958; Gopal, 1959; Sharif, 1921). There were, however, others who protested Beverly's theory. Khondkar Fuzli Rabbi (1895) challenged Beverly's contention and advanced the view that Bengal Muslims were descendants from Afghan, Iranian, Mughal or Arab immigrants who came and settled in Bengal during the long period of Muslim rule in India. The immigrants came as teachers, preachers, administrators and soldiers and once settled in Bengal their numbers started increasing and swelled with the passage of time.

The theories of lower caste origins or descendants of foreign settlers are not, however, satisfactory answers to the origins of Bengal Muslims. Subsequent research has disproved both theories to a great extent. As mentioned earlier, the Hindu-Buddhist rivalry is the key to understanding the origins of Muslims in Bengal (Chowdhury, 1986). At the start of Sena rule in Bengal in 1150 A.D., the people of Bengal proper or East Bengal (the area of Bangladesh) were predominantly Buddhists. Buddhism began to penetrate Bengal during the Gupta period and got firmly established in the western part of Bengal at the advent of the fifth century A. D. and in the south-eastern part of Bengal by the beginning of the sixth century A. D. (Mohapatra, 1995: 42- 43). Majed Khan (1964: 27-28) argues that Hinduism never had a strong hold in Bengal. The Hindus of north India considered Bengal an unclean land and if any Hindu from upper India visited Bengal he had to undergo expiatory rites upon return to his society. It is then plausible that few Hindus actually ventured to visit Bengal, particularly Eastern Bengal. The dominance of the Hindus never extended to East Bengal and Hindu land actually ended west of the river Bhagirathi

which was a line of demarcation between East and West Bengal derived from social and cultural patterns and traditions. The western part of Bengal, also known as Rarh, was predominantly a Hindu dominated area while East Bengal remained a predominantly Buddhist land.

A section of the Rarh Hindus came down to the highland of Varendri in East Bengal for colonization purposes but they were looked down upon as low and impure by their West Bengal or Rarhi fellow Hindus. These immigrants later succeeded in converting some local people into low caste Hindus but their number was not that significant. If there were not many Hindus in East Bengal the theory of lower caste Hindu origins of Bengal Muslims stands refuted. On the other hand, a section of Bengal Muslims were descendants of foreign settlers but their numbers did never reach the proportion claimed by Fuzli Rabbi. Bengal Muslims from the thirteen to the early twentieth centuries primarily lived in the remote rural areas of Bengal while the settlers, for security and communal reasons, concentrated in urban areas. The Muslim settlers came in the wake of military conquest and they primarily worked as soldiers or officials of the new government based in urban areas. They were unlikely to spread out in the remote rural areas and live amidst unknown, culturally different people.

The Buddhists formed the absolute majority in Bengal until the fourteenth century (Khan, 1964). With the loss of political power in 1150 A.D. and their subsequent rivalry with the Hindu Brahmins, the Buddhists welcomed the Muslim conquerors and millions of them converted to Islam. The urge to get rid of social injustices and religious persecution that Islam decries attracted the general masses to Islam. This argument is further supported by references to contemporary historical developments that happened in other parts of the Indian subcontinent. As in Bengal, a similar Hindu-Buddhist rivalry was taking shape in western India at the

advent of Muslim conquest of Sind in A.D. 712. The Buddhists lost power to Hindu rulers and failed to withstand Brahminical oppression which motivated them to welcome Islam. After the conquest Muhammad bin Quasim invited the local people to accept Islam; many people voluntarily embraced the faith of Islam and most of them were Buddhists (Qureshi, 1962: 38-41).

In the final analysis, the process of conversion started with the Buddhists who accepted Islam as their protest against the oppression of the Hindu Brahmins. Resistance to Hindu domination found expression in the rejection of Brahminical social order and the introduction of Islamic faith quickly replaced Buddhism and then gradually led to the decline of Hinduism in Bengal. And Islam became the vehicle of resistance to Brahminical oppression and Hindu domination.

2.3 The Muslim Period and Resistance Movements (1202- 1757)

The Muslim period in Bengal history covers more than five hundred years from A. D. 1202 to 1757. Ikhtiyaruddin Muhammad Bakhtiyar Khalji, a Turkish General, conquered Bengal in 1202 and initiated Muslim rule there. Subsequently, a series of Turko-Afghan dynasties, most notably the Iliyas Shahi Dynasty (1346- 1490), the Sayyid Dynasty (1490-1538) and the Afghan Dynasty (1539-1576) established control and ruled Bengal for more than three hundred years. The troops of Mughal Emperor Akbar the Great (1556-1606) attacked Bengal and established imperial control in 1576 by defeating Daud Khan, the last Afghan ruler of Bengal. The Mughal control lasted up until 1757 and thereafter Bengal fell to the sway of the British East India Company.

We discuss the development of social structures and pattern of resistance movements in this long period under a single head mainly for two reasons. First, neither the early Turko-Afghan rulers (1202- 1576) nor the deputies of the Mughal emperors (1576- 1757) made any interference in the local social, economic and cultural institutions and organizations. They rather allowed local people the freedom to organize and run their socio-economic and religious life. Secondly, during this long period village-based agricultural production systems dominated Bengal economy. There was no technological innovation of any sort in industrial or agricultural production systems that could change the economic face of Bengal (Islam, 1992b: 22- 29). Bengal continued in this period as it did in the ancient period. Significant changes, however, took place in village social structures, and social classifications of people based on their economic status also developed in this period.

As in ancient Bengal, land continued to be the principal means of life sustenance during the Muslim period. At the commencement of Muslim rule in Bengal in 1202, a number of local Hindu chiefs, called Hindu rajas, were in control of lands in different parts of Bengal. The Muslims called the rajas *zamindars* (Rahim, 1967: 185). The early Muslim rulers forced the local landlords or chiefs to be loyal to them and pay a portion of the produce, usually one-third, as taxes. Sirajul Islam (1992a: 9) informs us that during the reign of Mughal Emperor Aurangzib the rent rate was raised from one-third to one half. Murshid Kuli Khan (1704- 1727), Aurangzib's deputy in Bengal, fixed rent at one-half of the produce. Failure on the part of the landlords to pay the revenue meant punitive actions by the kings. They could be either dispossessed of their estates or be forced to accept new terms and conditions (Roy, 1986: 322).

This pattern of state- landlord relationship raises another serious question: who was the real owner of land in Bengal at that time? According to British historian W. H. Moreland (1929: 4) the king was the real owner of all lands in the kingdom. He opines that the concept of private ownership or any legal norms confirming private land rights were absent in those days. D. C. Sen, on the other hand, contends that although the peasants were not legal owners of land, still they could sell land in distress time and purchase land when they were well off. There are others who argue that peasants' rights to lands were hereditary, although they were not the legal owners of lands in the modern sense of the term. The tenancy rights of the peasants were recognized by the kings (Roy, 1986: 321-322).

The most important aspect of Bengal economic life during the Muslim period, particularly under the Mughal rulers (1576-1757), was its village-based agricultural production systems. The state appointed an influential *raiyat* (tiller of land) in each and every village as the representative of the king. This *raiyat* was known as *shah raiyat* and he acted as the mediator between the state and the village. His principal duties were to collect the revenues and maintain law and order in the village. The *shah raiyat* usually discharged this responsibility by constituting a village *panchayet* (council). The *panchayet* was a body of the village elders that looked after the community works, including irrigation works, law and order, road construction etc. Each village under the Mughal rule was, therefore, a self-sufficient unit. The people of one village rarely visited another village as there was no need to undertake such visits. There was peace and stability in village life but no impetus to change or improve social life through innovations in production systems (Islam, 1992b: 22-24).

Classification of *raiyats* into different categories developed as a social practice under the Mughal rulers. There were two broad categories of

raiyats: the *khudkashta* (resident peasants of the village) and the *paikashta* (non-resident peasants). The *khudkashta* peasants permanently lived in their own villages and paid taxes according to the area standard rate. The *paikashta* peasants, on the other hand, came from other villages to cultivate lands on temporary basis and left the area after the production season was over. They were not, however, equivalent to seasonal agricultural laborers of the present time, but an outcome of social differentiation of that time. Low caste people like slaves, sons of concubines and social outcasts worked as *paikashta* peasants. It was not possible for a *paikashta* peasant to elevate his social status by becoming a *khudkashta* peasant simply because the *khudkashta* community for reasons of economic and social status was vehemently opposed to such conversion (Islam, 1992b: 24-25). This was no less socially oppressive than the Hindu caste systems.

Apart from this differentiated nature of *raiyat* community, social life in Bengal as a whole was also differentiated at the state level. There was the ruling aristocracy- the king and his close relatives and the nobility- the ministers, the deputies, revenue administrators, the judges and the generals. There was another class in-between the ruling aristocracy and the common people- the landed aristocracy or *zamindar* class. The *zamindars* were primarily the local Hindu rajas who were promoted to social prominence by the Sena rulers. Probably, there came into being a few Muslim *zamindars* after the Muslim rulers gained control of Bengal. Many military officers of the Turko-Afghan and Mughal rulers received land instead of cash as salary. Such land donated by the king was called '*iqta*' and the holder of the '*iqta*' was known as *iqtadar*. The *iqtadar* had the rights to collect taxes from his '*iqta*' but he had no rights to transfer or sell the '*iqta*' lands (Roy, 1986: 322). It is possible that many *iqtadars* in later days emerged as *zamindars*.

Social differentiation also affected the common people during the Muslim rule in Bengal. Many scholars have used arbitrary methods to divide the people into different categories. W. H. Moreland (1962: 25), for example, saw two categories of people in Muslim Bengal: the consumption group, and the production group. The first group included the ruling aristocracy and other people like professionals and religious class who were not involved in the production system of the country. The second group comprised people who directly contributed to the commerce, industry and agricultural production. Such classification rather sounds mechanistic and denies the mutual contributions the two groups of people make to each other. In almost every society there are people who are directly involved in production systems and others who make contributions to improve the production systems through scientific innovations and inventions.

Conveniently, the common people can be classified under two broad categories-- the middle class and the commonalty, although it is doubtful whether there existed any middle class people in Bengal during the Muslim rule. Middle class, in the modern sense of the term, refers to people who are politically conscious, have acquired a certain level of education and possess enough technical or professional knowledge to make an income. In this sense middle class can also be seen as a political force capable of influencing the political course or functions of the government. It is difficult to apply this concept of middle class to people under Muslim rule but we can definitely single out possession of wealth as a criterion of the middle class people. Judged from this angle, the small *zamindars*, the *khudkashta* peasants, manufacturers of arts and crafts and the traders can be classified as middle class people.

The small *zamindars* and the *khudkashta* peasants were well-to-do village people. They derived income from agriculture. Likewise, the traders were also a prosperous class. Since Bengal was prosperous in agricultural and artisanal products like rice, textiles, jewelry and gold artifacts both Hindu and Muslim traders were engaged in exporting these items to other parts of the sub-continent and coastal territories of the Indian ocean, Persian Gulf and the Arabian Sea. The Dhaka muslin, a high quality cloth, was famous throughout the world and had great demand in different Asian and European capitals. The trading class earned lots of wealth by exporting it. The weavers of different types of clothes were also rich as they earned wealth through their production for local people (for details see Rahim, 1967: 215- 218).

The category of commonalty was vast and constituted the majority in Bengal society. The small cultivators, the petty traders, unskilled artisans, the *paikashta* peasants, the lower category officials at the courts of the kingdom and hundreds of thousands of Hindus and Muslims engaged in cultivation, fishing, wood-cutting, pottery and the like comprised this group. From the economic point of view this group constituted the lower rungs of the society and held inferior social status.

Despite this clear-cut social and economic differentiation under the Muslim rulers, there are no available historical accounts that speak of popular discontent and resultant resistance movements. Rather, there are spectacular stories narrated by foreign travelers about the fabulous wealth of Bengal and the prosperity the people lived in. Chinese traveler Wang Ta-Yuan visited Bengal in the fourteenth century and wrote that: "These people (of Bengal) owe all their tranquility and prosperity to themselves, for its source lies in their devotion to agriculture whereby a land originally covered with jungles has been reclaimed by their unremitting toil in tilling

and planting. The seasons of Heaven have scattered the wealth of the earth over this kingdom, the riches and integrity of its people surpass perhaps those of Chien-Chiang and equal those of Chao-wa (Java)" (quoted in Roy, 1986: 341). Similar narratives about the wealth and resources of Bengal are also available from the accounts of European travelers (see, for example, Pyrard, 1887).

It is plausible that foreign travelers, as guests of the rulers, spent their time in the royal courts and houses and witnessed the pomp and grandeur of the ruling nobility. They hardly undertook any visits to the remote rural areas to observe the living standard or economic condition of the commonalty. And for that matter, their accounts about the fabulous wealth of Bengal were not reflective of the actual economic condition of the popular majority. But one thing is clear that socio-economic differentiation was not that acute to incite the popular majority to build up social resistance to the Muslim rulers in the period under review.

But we encounter a different type of resistance movement at the fag end of the Mughal period in Bengal. That resistance movement was against the Marathas- the people of the Maharashtra area of India who carried out successive raids in Orissa (then a part of Bengal) from 1742 to 1751. The Marathas greatly destabilized Bengal social life through continuous oppression, extortion, rape and plunder. Their atrocities came to an end by 1751 when Alivardi Khan, then Mughal ruler of Bengal, forced them to stop invasions and concluded a treaty with them in that year. However, it took a long time for the Mughal ruler to respond to the Maratha attacks. Initially, the common people organized popular resistance to Maratha invasions and the lower strata of the society played the leading role. The Birbhum district in West Bengal became the centre of popular resistance to Maratha invaders (Karim, 1992: 80).

2.4 Resistance to British Colonialism (1757-1947)

The initiation of British rule in Bengal in 1757 signaled a complete rupture from the previous Muslim period. The British East India Company that captured power by defeating Nawab Sirajuddaulah- the last Mughal governor of Bengal, soon began to pursue harmful policies to destroy the Bengal economy. The destruction of muslin production, a major industry of eastern Bengal, became a priority on the part of the Company. The Company officials first tried to monopolize the muslin trade but after the industrial revolution in Britain they abandoned this trade and preferred to import British textile products to Bengal. They forced the closure of muslin handloom factories and those weavers and traders who defied their orders were severely punished. Many weavers were mutilated by amputations of fingers or legs and many were imprisoned, fined and flogged (Mukherjee, 1974: 302-303). The shutdown of muslin factories put extra pressure on agriculture. Hundreds of artisans, traders and middlemen associated with muslin production and trade became unemployed; the majority of them accepted cultivation as a way of livelihood while others tried to produce different cloths for domestic market (Islam, 1992a: 16).

The East India Company also abolished the village *panchayet* and other social institutions which the Muslim rulers effectively used to promote social stability and perpetuate the existing order. Driven by capitalist profit-making motives, the Company officials introduced changes in the relations of property and production in rural society. The Permanent Settlement Act of 1793 became the hallmark of British capitalism in Bengal. This Act was revolutionary in that "the rural society was thrown

from medieval self-sufficiency and stability into modern competition and change, deprivation and pauperization" (Islam, 1992b: 25).

The most significant effect of the Permanent Settlement Act was growing economic differentiation that resulted in new class formations in rural Bengal. The Act promptly created a new *zamindar* class who assumed a new role different from that during the Muslim period. Under Muslim rule the local *zamindars* acted as revenue collectors and passed on a portion of the produce, they collected from the peasants, to the rulers. They were not landowners but contractors for revenue collection for the kingdom. The Permanent Settlement Act, by contrast, made the *zamindars* the real owners of land and abrogated peasants' hereditary rights to land (Harris, 1989: 269). As in the Muslim period, most of the *zamindars* created by the Permanent Settlement Act happened to be Hindus and the majority of the *raiyats* were Muslims. This class of new *zamindars* exercised complete control over the village society until 1885 when the British government introduced a new tenancy act- the Bengal Tenancy Act that recognized the rights of the *raiyats* to land and correspondingly curbed the authority of the *zamindars,* at least theoretically (Chakraborty, 1992: 197).

Next to the new *zamindar* class was another influential class of rich peasants commonly known as *jotedars*. This social class is also considered an innovation of the Permanent Settlement Act, although scholars differ on the true class nature of the *jotedars* (cf. Datta, 2000: 90-91). The *jotedars* initially came into being as an intermediate class between the *zamindars* and the *raiyats*. They held land from the absentee *zamindars* on long-term leases and sub-leased the land to small *raiyats* and thus made income. The presence of this class was especially felt after the Bengal Tenancy Act proclaimed in 1885. The Tenancy Act, in addition to tenancy rights, also recognized the *raiyats*' rights to transfer and mortgage land for

loan. This meant the introduction of a land market at the village level. It opened up an opportunity for the economically weaker *raiyats* to mortgage or sell their holdings at times of distress or scarcities to the comparatively well-off *raiyats* who subsequently converted into *jotedars*. Thus economic marginalization started creeping into Bengal peasant society. The latter day peasant indebtedness and landlessness, particularly from the 1920s, were also direct results of new land policy (Chakraborty, 1992: 197).

Below the *zamindars* and the *jotedars* were the vast majority of the small, marginalized and landless peasants. Another category of peasants, known as sharecroppers, also joined the lower strata of Bengal peasantry in the wake of the worldwide economic depression of the inter-war period. We will take up this point for further discussion below.

We should also mention here two other urban-based social classes-- the mercantile class and the middle class-- which were the direct outcome of British policies towards industry and education. Before capturing power in 1757, the East India Company, because of the problems of language and communications with local people, had to depend on the local traders for sale and purchase activities. The local traders played the role of contractors between the suppliers of local products and the Company officials. After the industrial revolution in Britain the local traders bought and sold British industrial products in local markets at a high profit and made a great wealth (Islam, 1992a: 10-11). The British were, however, determined not to allow the mercantile class to invest in industry and compete with them. The British Indian government imposed various restrictions, including prohibitive taxes on local industrial products that were sufficiently discouraging to prevent the mercantile class from

graduating into an industrial class. Many of them eventually invested their capital in land and became *zamindars* (Bagchi, 1970).

The middle class, on the other hand, comprised mainly of the high caste Hindus who readily accepted British education and captured most of the jobs in government offices. This class, whom Addy and Azad (1973: 90) label the '*bhadralok*' or gentlemen class, mediated British rule in Bengal. Initially the Muslims, who lost power to the British, did not cooperate with the British rulers and held a very negative attitude towards British education. Many Muslim religious leaders considered English the language of the infidels and refrained from learning it. It took a long time for the Bengal Muslims to change this attitude and by the late nineteenth century when they started cooperating with the British it was too late for them to catch up with the Hindus (Alam, 1995: 17-18).

It was, however, in rural Bengal where the impacts of British land policies proved most disastrous. The relations between the top class-- the *zamindars* and the *jotedars*-- and the bottom class- the mass peasants, became relations of endless exploitation and repression. The Permanent Settlement Act fixed the amount of revenue to be paid by the zamindars to the state in perpetuity but that of the *raiyats* to the *zamindars* was not fixed. It left the *zamindars* free to appropriate any amount of rent from the mass peasants they wished. The auction system of conferring revenue collection rights to the zamindars also added to the sufferings of the peasantry. The highest bidders, as provided by the Permanent Settlement, often got the rights of land ownership. In most cases the *zamindars* had no knowledge of land systems or rural conditions. The urban-based wealthy class usually won the bidding and managed their *zamindary* through a class of officials called *naibs* (managers). The exploitation of peasants soon increased at the hands of the *zamindars* and their local officials who

kept coming up with new demands of this or that rent or taxes. According to one account, land rent for the peasants doubled in some districts of Bengal. By 1810 the peasantry of the district of Burdwan in West Bengal paid almost two times the land rent they had paid before the introduction of the Permanent Settlement (Ambiranjan, 1978: 271-272).

Binoy Bhusan Chaudhuri (1970) argues that after the British had put the Permanent settlement into operation, Bengal was being gradually drawn into the world capitalist economy. By the mid-nineteenth century massive changes took place in industrial production systems and world communications. Railroads, as the cheapest and also the most convenient means of transportation, came to dominate economic life in Europe, North America and the Indian subcontinent. The British developed a well-knit network of railways mainly for industrial and commercial purposes. Agrarian production in India, particularly in Bengal, diversified and a number of crops, such as jute, sugarcane, tea, indigo and rice began to be produced on a commercial basis. The Bengal peasants were not, however, the ultimate beneficiaries of commercial cropping. The increase in their incomes was soon offset by a corresponding increase in land rents imposed by the *zamindars* and interest on loans from the moneylenders. Rather than benefiting the peasantry, commercial cropping led to new waves of exploitation by the landed aristocracy and moneylenders (Addy and Azad, 1973: 84).

The new patterns of class formation and intensified exploitation of the mass peasantry instituted by the Permanent Settlement Act created the conditions for hundreds of peasant uprisings during the British period. We will, however, confine our discussion to an analysis of the three most significant peasant resistance movements-- the Faraizi Movement (1821-1862) and the Indigo Revolt (1859-62) of the nineteenth century and the

Tebhaga Movement (1946-47) of the mid-twentieth century-- that greatly convulsed the agrarian social relations of Bengal.

The Faraizi Movement (1821-62)

Originally, the Faraizi Movement was a religious movement but gradually it transformed into an anti-British and anti-*zamindars* movement. Haji Shariatullah (1781-1840) of Faridpur district in Eastern Bengal was the leader of the Faraizi movement (2). He went to Mecca in 1799 to perform holy pilgrimage and returned to Bengal in 1818. Upon return from Mecca he was dumbfounded at the deplorable religious conditions of Bengal Muslims and started the movement in 1821. The objective was to purge the Bengal Muslim society of un-Islamic beliefs and practices by establishing Allah's monotheism, the teachings of the holy Prophet and the universal justice system of Islam. He denounced superstitions, heresy, malpractice and sought to present Islam to the Muslim masses in its pristine form (Khan, 1992: 281).

The Bengal Muslims, at that time, shared many Hindu cultural practices like joining Hindu rites and ceremonies, holding consultations with Brahmins, visiting Hindu shrines etc., though Muslims and Hindus followed entirely different social practices and customs in marriage systems, funeral ceremonies and dress (Majumdar, 1960: 5-6). Shariatullah was determined to ensure that Bengal Muslims returned to a more purified Islam as in the Islamic heartland of Arabia. He called upon the Bengal Muslims to strictly adhere to the five basic pillars of Islam-faith, daily prayers, fasting during *Ramadan*, payment of taxes as enjoined by the Quran, and pilgrimage to Mecca (to be undertaken by wealthy Muslims). He declared India *dar-ul harb* (non-Muslim state) and preached that congregational prayers like *juma, id-ul-fitr* and *id-uz-joha* were not

obligatory for Indian Muslims until the time British rule ended in the Indian Subcontinent (Khan, 1985: 840).

The movement gradually expanded beyond its original religious tone and incorporated a strong socio-economic element. After Shariatullah's death in 1840, his son Dudu Miyan (1819-1862) drew upon the socio-economic conditions of Bengal Muslims and raised questions about the agrarian structure of Bengal. The poor Muslim as well as Hindu peasants of Bengal, as a result, flocked around him to get remedies to their declining economic conditions. The incorporation of the economic element increased the movement's popularity to an unexpected level. It soon spread out in the districts of Faridpur, Bakergunj, Jessore, Dhaka, Tipperah, Mymensingh, Noakhali and Pabna in eastern Bengal. Dudu Miyan declared that all men were equal before God. All lands, Dudu Miyan declared, belonged to Allah and nobody but the cultivators who worked the lands were entitled to the produce. He firmly stood up against the oppression of the *zamindar* class and forbade his followers to pay any illegal taxes to *zamindars*(Khan, 1992: 284-285).

The popular response to the movement inspired Dudu Miyan to set up rural administration to run daily affairs. He strengthened the rural *panchayat* system, set up many administrative circles to be run by his deputies and also organized militias to help him exercise authority and enforce his decisions, if required. The depressed cultivators never questioned his authority as they perceived his programs beneficial to their interests. They saw in him a savior against the tightening grip of landlords, traders and moneylenders (Khan, 1985: 841).

The response of the rural wealthy classes (landlords, traders and moneylenders) and the British government to the Faraizi movement was

more than hostile. Some landlords carried out punitive actions against their tenants and the British administration in Bengal supported the landlords to suppress the movement. The *zamindars* charged Dudu Miyan with unlawful activities, including murder, plunder and property damage, but they failed to prove him a criminal before the law courts. The movement, however, lost strength after his death in 1862. This was mainly due to the lack of strong leadership to carry the movement further. Dudu Miyan's successor Abdul Ghafur (1852-84), who came to be known as Naya Miyan, followed a conciliatory policy towards the British and acquiesced to the dominance of the landlords and the British government. His policy of peaceful social co-existence gradually ate into the original vigor of the movement and stopped its further expansion (Ahmed, 1981: 52).

The Faraizi Movement lasted nearly half-a-century and convulsed the Bengal Muslims, in particular, and the cultivating class in general to an extent unknown before in Bengal history. It was a very popular movement of downtrodden people who organized to get rid of economic exploitation and social repression by the landowning classes. The Bengal Muslims became conscious of their religious rules and regulations and started avoiding cultural festivities that were seen as Hindu-oriented. They began to accept Arabic and Persian names and discarded appellations that had Hindu social traditions. There was a quick move to identify themselves with any of the four most respectable groups in Indian Muslim society- Shaikhs, Syeds, Mughals or Pathans. By the time of the 1901 Census of India, there were very few Muslim families who did not claim to be either Shaikhs, Syeds, Mughals or Pathans- the four main social groups among the Muslims (Ahmed, 1981: 115-6).

The mass awareness of fundamental Islamic laws and social practices succeeded in creating a sense of Muslim identity among Bengal Muslims. From this sense of Muslim identity there developed the concept of Bengal Muslim nationalism. In the subsequent period, this sense of Muslim identity and nationalism acted as a major driving force behind the Pakistan Movement in the first half of the twentieth century.

The Indigo Revolt (1859-62)

The Indigo Revolt, unlike the Faraizi Movement, was not built on any religious grounds. Its wider scope was squarely built on economic considerations. It should, however, be noted that the followers of the Faraizi Movement also participated in the struggle against indigo planters to end oppression against the mass peasants. The estates of Hindu *zamindars* and factories of indigo planters equally came under their attacks. Like the Faraizi Movement, the Indigo Revolt also originated in East Bengal. It succeeded in forcing out the indigo planters (who were exclusively British) from Bengal to Bihar (3).

The British East India Company set up indigo plantations in Bengal in 1788, five years before the Permanent Settlement was introduced in 1793. Initially, the Company's decisions for indigo plantations in Bengal were influenced by the need for cheap but high quality indigo for growing textile industries in Britain. Traditionally, the British West Indian planters supplied indigo dye for the European market. By the mid-eighteenth century the West Indian planters found coffee and sugarcane cultivation more profitable and abandoned indigo plantations. It left the British textile industries solely dependent on Spanish Guatemala and French Santo Domingo for high quality indigo. When the American Revolution ensued in the latter half of the eighteenth century the British found all sources of

indigo dye falling into enemy hands and encouraged the East India Company to produce and export indigo to Britain (Kling, 1966:17).

The East India Company had also its own compulsions to start indigo plantations in Bengal. The Company had fought several wars against local Indian rulers during the second half of the eighteenth century and the land revenues from Bengal fell far short of meeting the actual war expenses. As a consequence, the Company had borrowed money from private traders but the need to repay the debts and meet the salaries of the Company officials and other personnel forced the Governing Body of East India Company to look for alternative sources of income. Remittance from indigo dye export to Britain and Europe appeared as a great relief. The Company decided to advance cash to cultivators to facilitate indigo plantations in Bengal and by 1795 the cash advances quintupled to include as many cultivators as possible (Kling, 1966:19).

Although initially beneficial to Bengal cultivators, the indigo plantations soon led to conflicts between the British planters and the local cultivators. Up to 1829 the Company did not permit the planters to lease or purchase lands outside the factory ground for indigo plantations. They were given the rights to advance cash money to encourage the peasants to take up indigo plantations. But the need to protect the cash advances and ensure that raw materials were supplied properly drew the planters into conflicts with the cultivators (Kling, 1966). As early as 1796 there were complaints about physical coercion, property damage and other abuses of the cultivators by the British planters. Two Muslim *zamindars* complained before the chief revenue court of Bengal that oppression by the planters forced their tenants to leave homes and flee to the hills (Sinha, 1962: 209-210). In 1810 Lord Minto, the Governor General, warned the planters of stern actions if they continued to oppress the cultivators. Thereafter, no

such warnings were issued till 1859 and the planters continued to press hard on the cultivators.

For Bengal peasants indigo cultivation did not prove economically beneficial for long. The initial demand for indigo in Britain and the European market led to a mushroom growth of indigo factories throughout Bengal until 1820. The peak years of demand for indigo in Europe and America were between 1834 and 1847 and in 1842 indigo became the number one export item from Calcutta to Europe. Between 1847 and 1857 the price of indigo almost doubled but neither the planters nor the cultivators were the beneficiaries of this price hike.

The outbreak of the Crimean War and the discovery of new gold mines in North America in the nineteenth century resulted in worldwide inflation that eventually hit Bengal too. The gains from the rise in indigo price were offset by inflation. The planters' behaviors were, however, dictated by their considerations to make up the loss and reap benefits. They tried to enforce the contracts signed with the cultivators and forced them to cultivate indigo while stopping the production of rice and other crops, although indigo cultivation was completely unpopular on economic grounds. The loss for a cultivator for indigo cultivation compared to another crop amounted to 7 rupees per *bigha* (.33 acre) of land. The planters, on the other hand, made a huge profit of 1750 rupees with an investment of 200 rupees only per season (Sengupta, 1978: 44). Between 1855 and 1860 there was almost doubling in the prices of all goods and commodities but the price of raw indigo remained constant. The indigo cultivators were forced to sell indigo at the same rate they had been receiving in 1855 (Sengupta, 1978: 81). As a result, thousands of peasants by 1859 spontaneously protested against the planters' oppressive measures and, in many cases, the protests often culminated in violence.

The peasants' resistance to indigo planters drew support from many social classes in Bengal- the petty landholders, moneylenders and village headmen. These social classes were not sympathetic to the cause of the indigo cultivators but they had definable class interests to oppose the planters. The petty landholders supported the peasants simply because the planters threatened their interests of holding leases from the *zamindars* and then subleasing to the *raiyats*. The moneylenders saw the planters as taking over their traditional business of lending to the *raiyats*.

Amidst mounting grievances, protest and violence, the British Government set up the Royal Indigo Commission in 1860 to inquire into the causes of peasants' resistance to indigo plantations. The Commission noted that the methods the planters applied for indigo plantation were oppressive to the local cultivators. It was neither beneficial to the interest of the cultivators nor contributed to the improvement of their life. Following the report of the Commission the plantation system in Bengal was dismantled and the planters moved to Bihar to do their business on fresh grounds (Addy and Azad, 1973: 85).

The Tebhaga Movement (1946-47)

The Tebhaga (literally means two-thirds) movement broke out just on the eve of the partition of India in 1947. It is also known as the 'sharecroppers' movement' since the stratum of sharecroppers within the Bengal peasantry were the real actors of this movement. The road to the Tebhaga Movement started from where the Faraizi Movement and the Indigo Revolt ended.

The departure of British planters from Bengal to Bihar did not bring any economic windfall or respite for Bengal peasantry. The moneylenders and the petty landholders soon filled up the place left by the planters. The *zamindars* also became more oppressive. Some *zamindars* started realizing illegal demands. The outbreak of the Pabna Rent Revolt of 1873 was a striking case that testified to the extent of exploitation to which the *raiyats* were subjected (4). The Pabna revolt forced the Bengal Government as well as the Government of India to reconsider the Permanent Settlement of 1793 to bring about changes in landlord-tenant relationships. The Government of India passed the Bengal Tenancy Act in 1885 to protect the interests of the *raiyats*. The Act recognized the right of the *raiyats* to land use but benefited the landlords more than the *raiyats*. The landlords were given necessary powers to enhance rent in certain cases and as the original Bill (Act of 1885) was changed and modified several times, the *raiyats* did not get the necessary protection from the government. This simply happened because the landlords had their representatives in the Governor General's Council while the *raiyats* had no representation at all (Ahmed, 1974: 110).

The condition of the Bengal peasantry deteriorated further in the first half of the twentieth century. Indebtedness was a serious problem for most of the peasants. Major J.C. Jack conducted a statistical survey on peasant indebtedness in the district of Faridpur in south- west Bengal covering the period 1906-1910. He found the average indebtedness of the peasantry at 122 or 121 Rupees. The average per family debt increased from 122 in 1910 to 160 Rupees by 1929-30. The Bengal Provincial Banking Enquiry Committee of 1929-30 put the total volume of debt at 1,00,00,00,000. It did not, however, provide an idea about the acuteness of the debt problem since the Banking Enquiry Committee did not report any data on the debt-assets ratio of the indebted families. However, the number of families

badly affected by debt burden was 1.7 million. A major cause of the high indebtedness of the peasants was the high rate of interests charged by the village moneylenders. The rates of interests varied from 24 percent up to 300 percent. Many peasants, especially the marginal and small *raiyats*, had to sell their lands and homestead to meet the loan obligations and thus fell into the category of landless laborers (Haque, 1939: 153-161; Islam, 2001: 511).

In the 1920s the number of cultivating families also declined sharply. Based on the data of the Bengal Census Report of 1931, Azizul Haque (1939: 141-142) argues that out of a total population of 50 million, roughly 10 million people were dispossessed from their land in the 1920s. Out of these 10 million, a little over 6 million people joined the ranks of agricultural laborers and sharecroppers (which were non-existent in the pre-British period), domestic servants, or petty shopkeepers. In the same period the number of landlords increased from 385,000 to 783,000.

What led to the emergence of some 6 million people as agricultural laborers and sharecroppers merits explanation. The Bengal Tenancy Act of 1885, as noted earlier, might have played a role as it allowed peasants to sell their land in time of hardships. Obligations to repay debts also forced the peasants to sell land for cash money. The peasants who thus sold their lands had a compelling need to cultivate the land of other tenants to feed their family members. Willingly or unwillingly, they assumed the role of sharecroppers or *bargadars*. The worldwide economic depression of the 1930s also played a role to pauperize the Bengal peasants and downgrade their economic status. M. Mufakharul Islam (2001: 511) informs us that Bengal agricultural production reached a stagnation point by the early 1920s while the rate of population growth accelerated steadily in the same decade. The population growth rate increased from 2.8 percent between

1911 and 1921 to 7.3 percent in the next decade. The increasing population pressure meant a decline in per capita food and other crop production since land-man ratio was no longer in favor of man. Those peasants who failed to maintain their families by working their own land became either sharecroppers or agricultural laborers.

The 1930s and 1940s witnessed further deterioration in the economic condition of the Bengal peasantry. The Bengal Land Revenue Commission of 1938 found that 74.6 per cent of rural households were subsistence farmers while only 7.7 per cent had landholdings larger than 10 acres. Thirty-one per cent of the farmers were entirely dependent on sharecropping or agricultural labor and in some districts the figure was higher: Khulna (55%), Pabna (41%), Faridpur (39%), Dinajpur (37%). The Indian Statistical Institute study of 1946 noted further disintegration of peasantry in the 1940s. It revealed that nearly 90 per cent of rural households owned less than 5 acres of land and hence were subsistence farmers. Only 11.5 per cent had landholdings of 5 acres and more (see Rahman, 1986: 94-95). Under this situation the numbers of *bargadars* (sharecroppers) began to shoot up. In 1938 the area under the *bargadari* system was 20 per cent of the total cultivated area but by 1944 it rose to 25 per cent (Dhanagare, 1983: 162).

At this time the Bengal peasantry to some extent came under the influence of the Bengal Kishan Sabha (Bengal Cultivators Association), the provincial peasant branch of the Communist Party of India (CPI). The Kishan Sabha was already demanding reduction or remission of rent and local taxes to gain the support of the peasantry. A series of natural calamities like floods and famine from 1941 to 1945, however, gave it and the CPI an opportunity to gain a foothold in rural Bengal. The workers and supporters of Kishan Sabha and the CPI undertook serious relief work to

support the famine and flood victims and advised the tenants and bargadars to stop paying rents and sharing the crop with landholders. And in September 1946 the sharecroppers launched their demand of two-thirds share of crops for themselves and one-third for the landholders (Dhanagare, 1983:166-167). The other objectives of the movement were abolition of illegal taxes, occupancy rights on land and receipts for share of crops taken by landowners (Siddiqui, 1987: 62).

The movement first started in Rampur village in the district of Dinajpur and soon spread to other districts where the percentage of sharecroppers was high- Rangpur, Pabna, Dhaka, Khulna, Faridpur, Jessore, Bogra, Medinipur, Hoogly, Jalpaiguri and so on. The general forms of the movement were that the *bargadars* began to carry the produce to their own courtyards, the landowners were offered one-third share and if they refused the one-third share, it was deposited in a general fund. People's committees were formed to direct the movement and to perform other administrative tasks; people's courts were also set up to mediate disputes among the poor peasants; village defense parties were constituted to fight the oppression of the police and the armed goons of the landlords; and a general fund was raised to financially assist the Tebhaga volunteers in case they were arrested by the police and brought before the law courts (Siddiqui et al, 1978: 151-152).

In the course of the movement, the *bargadars* clashed directly with the police; they attacked government buildings and destroyed several houses of landlords and petty landlords. The actions by *bargadars* forced the government to be cognizant of their acute problems. The *Bargadars* Bill, gazetted by the Bengal Government in 1946, recognized the rights of *bargadars* to a two-thirds share of the produce and they were also assured tenurial security. The Bill also at the same time provided the landowners

the rights to reserve land for personal cultivation, a measure that ultimately would have forced the *bargadars* to depend on the mercy of the landowners for land cultivation. But due to pressures from the landowning members of legislative assembly, the government never introduced the Bill in the legislative assembly and the *bargadars* were betrayed at the end of the day. Repressive measures by government against the *bargadars* multiplied and by early 1947 the movement petered out (Dhanagare, 1983).

The nature of the Tebhaga Movement was such that it was destined to be a failure. It had no program of fair wages for the landless agricultural laborers nor did it attempt to induce the middle peasants to rise against the *zamindars* and bring about substantial changes in the feudal agrarian structure of Bengal. Both landlords and the middle peasants perceived the movement as a threat to their vested interests in land. The *bargadars*, whose survival was at stake, were ready to wage a serious fight for two-thirds share of the produce and that was all. They did not receive any support from the urban middle class people. Nor were the CPI and Bengal Kishan Sobha leaders committed to the interests of the sharecroppers. They simply backed away once the government came forward with the gazette announcement of the *Bargadar* Bill that sought to remedy the grievances of the sharecroppers and the lower strata of the Bengal peasantry. The CPI and Bengal Kishan Sobha leadership came not from the peasants themselves but from urban-based middle class people who were not in a position to closely identify themselves with the interests of the sharecroppers. According to an authoritative study, this was the factor that largely shaped the outcome of the movement (Siddiqui et al, 1978: 155-156).

Dhanagare (1983: 155) claims that the Tebhaga movement was an 'outgrowth of left-wing mobilization of rural masses' and he also asserts that the movement was 'the first consciously attempted revolt by a politicized peasantry in Indian history'. But a close look at the internal fabrics of the movement refutes his claim altogether. Leftwing mobilization of rural masses squarely depends on their capacity to grasp revolutionary theory or they at least need to be imbued with a revolutionary zeal to transform the social structure. The Bengal peasantry until the mid-nineteenth century was steeped in high illiteracy and the Muslims of East Bengal were conservative in their outlook. It is inconceivable that the appeal of Marxist revolutionary theory was comprehensible to them. This may sound somewhat anachronistic in view of success of the Chinese peasantry to bring about a communist revolution in their social structures. But there were fundamental differences between the Chinese and the Bengal peasantry. In the first place, there was no Mao Zedung in Bengal who could revolutionize the peasantry. Secondly, the Bengal Muslim peasants who constituted over half of the population of Bengal in those days were religiously conservative and were disdainful of 'Godless communism'. Thirdly, the CPI and the Bengal Kishan Sabha were underground parties at that time and the clandestine activities the two parties carried out gave them only limited access to the Bengal peasantry. The anticommunist posture of the British Indian government barred the communists from spreading anti-*zamindar* propaganda publicly.

The movement was also heavily influenced by the unfolding pattern of communal politics in India, especially in the 1940s. There were communal riots between the Hindus and the Muslims in Bengal in the 1920s. The Muslim League, which led the movement for Pakistan as a separate homeland for the Indian Muslims, capitalized on the communal riots and adopted a new strategy to bag maximum votes of the Muslims in the 1946

elections in India (5). Until 1937 the League had a limited support among Bengal Muslims but to woo them it came up with a radical program of land reforms and promised radical changes in Bengal land systems once Pakistan was created. At that time, most of the landlords in Bengal were Hindus and the Bengal Muslim peasantry blamed the Hindu landlords for their declining economic conditions. The Muslim League was quick to capitalize on it. In January 1946 the provincial Bengal Muslim League called for the abolition of *zamindary* systems to popularize the Pakistan movement among the Bengal Muslims. Since the landlords were mostly Hindus and the Muslims were the majority of tenants the Muslim League was able to garner massive support of the Muslims and unite them under its banner (Hashmi, 1999: 27-28).

The anti-Muslim attitude of the Indian National Congress in general and the Bengali Hindus in particular, especially after the Partition of Bengal in 1905, also greatly influenced the Bengali Muslims to fight for a separate Muslim homeland. Lord Curzon, the British Governor General in India, divided Bengal and created the new province of Eastern Bengal and Assam in 1905. Before partition Bengal was the biggest province in British India with a vast territory of 190,000 square miles and a population of over 78 million. Although Lord Curzon cited administrative reasons to create a separate province, the real objective was to help the backward Muslims in Bengal to advance in economic, commerce, administration and political spheres. The Muslims greatly welcomed this initiative as it was beneficial to their interest (Sen, 1976: 31-32).

The Hindu reactions to the Partition of Bengal were sharp and they forced its annulment in less than a decade in 1911. The Indian National Congress had passed about a dozen resolutions condemning the Partition of Bengal and demanding its annulment at all its national conventions since 1905.

When the annulment was finally declared in 1911, Bengal Muslims burst into protests and became suspicious of Hindu motives. Majority Muslims saw the annulment as an outcome of a Hindu agitation against Muslim interests and many reached the conclusion that the Hindu-dominated Congress would never treat Muslims fairly. Thereafter Muslims increasingly deserted the Congress and rushed to the Muslim League, formed in Dhaka in 1906. This consciousness played a crucial role in creating political solidarity among Bengal Muslims that finally led them to lend active support to the movement for Pakistan (Saxena, 1987: 31-32). Neither the Bengal Kishan Sobha nor the CPI that ignited the Tebhaga Movement was able to counter the communal appeal of the Muslim League and fight for peasants' rights from a united platform.

2.5 Resistance to Pakistani Domination (1947- 1971)

The state of Pakistan came into being on August 15, 1947, comprising the areas of Muslim dominated southeast and western India. The overriding factor that united the Bengalis in East Pakistan and the Punjabis, the Sindhis, the Pathans and the Baluchis in West Pakistan was Islam. The social, cultural and linguistic differences between East and West Pakistan were either under-emphasized or taken for granted for the unity of Pakistan (Ahmed, 1981: x-xii). The Bengalis at that time constituted 60 percent of the total population of Pakistan but they were not the wielders of political powers. The minority West Pakistanis, backed by the army and the civil bureaucracy, effectively captured political power. Therefore, the West Pakistan-based power bloc that developed after independence failed to accommodate the interests of the majority Bengalis who right after independence voiced concerns over the state language issue and gradually built up resistance to end West Pakistani domination.

Independent Pakistan followed a pattern of social and economic construction qualitatively different from British India. At independence in 1947 Pakistan, unlike India, had no well-developed bourgeois class or any national party representing the interests of all ethnic groups. It, however, inherited two 'over-developed' colonial institutions- the army and the bureaucracy. These two institutions subsequently came to dominate the political as well as economic decision-making processes in Pakistan.

The British colonizers did not set up any notable industries in the areas that formed Pakistan. Bengal's raw jute and sugarcane fed the industries of Calcutta while the Punjab's cotton was processed by textile industries in Gujarat and Bombay. Pakistan got only 9.6 percent of the total industrial units, 5.3 percent of electric capacity and 6.5 percent of industrial workers of British India (Alam, 1995: 25). There was virtually no industrial capital in Pakistan. The Hindu capitalists operated a good number of industrial raw materials processing units but they chose to migrate to India in the wake of communal riots that tainted the emergence of India and Pakistan as independent states.

The Muslim League is credited with the creation of Pakistan but it was not a popular mass-based political party. It represented the large landowning class in the Punjab and Sind. The great landlords of the Punjab were initially averse to the Muslim League; they had their own party- the National Unionist Party- that worked as an agricultural interest group. The landlords joined the Muslim League in the early 1940s when the campaign for Pakistan gained extraordinary momentum (Stern, 2001: 124). But the landlords soon began to dominate the Muslim League leadership. The Muslim League Council had a total membership of 503. Out of this number the landlords represented 163 members while the lawyers represented 145 members (Alam, 1995: 26-27). It should be mentioned

that there was no Bengali Muslim landlord represented on the Muslim League Council. Most of the landlords in East Bengal were Hindus and they migrated to India after 1947. Further, the institution of landlordship was permanently dismantled in 1950 when the East Pakistan State Assembly passed the Bengal Tenancy Act (Abdullah, 1976: 79-80). It is understandable that the Muslim League did not represent the interest of the Bengalis.

In the absence of a well-developed bourgeois class and a representative national political party the colonial institutions of bureaucracy and the army emerged as the real contenders for power in Pakistan. The Muslim League politicians tried hard to maintain political supremacy but the limited constituency of the League and the growing differences between East and West Pakistani politicians over an acceptable power-sharing formula gave the elite bureaucracy the upper hand to deal with state affairs. At last the matter was finally settled in 1958 when the military under General Mohammad Ayub Khan captured power, abrogated the constitution and declared martial law. General Ayub declared himself President of Pakistan (Stern, 2001: 129). The army secured the support of the civil bureaucracy and thus a bureaucratic- military oligarchy came into power.

What is important to note is that the bureaucratic-military oligarchy was completely dominated by West Pakistanis. The Bengali Muslims had been under-represented in the civil and military administrations during the British period. As noted earlier, their hostile attitude towards English education was responsible for it. So when Pakistan came into being the upper echelon of both the civil and military bureaucracy fell into the hands of the West Pakistanis. Richard D. Lambert (1959: 49-58) notes that out of a total of 741 top posts in the civil bureaucracy the West Pakistanis

occupied 690 while the Bengalis had only 51 positions and most of these were at the lower level. In the Pakistan Army the Bengali Muslims had no top-ranking positions either. They had only 81 lower-ranking positions while the West Pakistanis occupied 2,127 positions, including all the positions above Brigadier General.

The under-representation of the Bengali Muslims in the ruling oligarchy resulted in complete disregard of their interest. This was quite evident in the development strategy President Ayub Khan pursued from 1958 to 1968. After 1947 Pakistan began to pursue an economic development strategy that consisted of three important elements: (1) private sector-led industrialization, (2) the policy of 'functional inequality', and (3) adoption of a 'one economy' thesis (Emajuddin Ahmed, 1980: 23). After 1947 a good number of Muslim trading communities from Western India- the Memons, the Adamjees, the Bohras and the Khojas- migrated to Western Pakistan and settled there. These trading communities were willing to transform their merchant capital into industrial capital provided the state was supportive of their endeavor. The government of Ayub Khan established the Pakistan Industrial Development Corporation (PIDC) to underwrite industrial capital and set up other banking facilities for the private entrepreneurial class that expanded quickly. The bureaucratic intervention in economic development established a firm class alliance between the bourgeoisie and the bureaucracy.

The state's support for private entrepreneurs decidedly tolerated the creation of 'functional inequality' between individuals and between regions. This was so because the economic planners thought that it was necessary to promote savings and expand industrial capital. Equality in income distribution was considered desirable but growth was vital before income could be distributed among citizens on a fair basis (Ahmed, 1980:

426). The thesis of 'single economy', in a similar way, was justified on the ground that efficiency and maximization of output dictated that investment should go to the areas where maximum output and maximum profit could be made. A lion's share of state resources and foreign aid was thus allocated for West Pakistan (Alam, 1995: 35). As its consequence, the Bengali Muslims were denied the opportunity to develop as an entrepreneurial class. Moreover, Bengal's agricultural resources were diverted to West Pakistan to finance industrialization. As part of this strategy, agricultural taxes were increased and foreign exchange generated by the export of jute, the principal cash crop of East Pakistan, was directed to West Pakistan. The foreign exchange was mainly used for setting up industrial units being concentrated in West Pakistan (Nations, 1978: 6).

In the urban and industrial sectors, the discrimination was much more glaring. The Bengalis received a tiny share of government development expenditure, military expenses, foreign aid and commercial import licenses. They got opportunities for lower and middle range economic activities ranging from shop-keeping to marketing of finished products. The gap so widened in the next twenty years that only two Bengali business firms could occupy the bottom two positions of the list of the top twenty-nine business firms of Pakistan. According to one study, conducted in 1959-60, Bengal Muslims owned and controlled only 2.5 percent of all industrial assets of Pakistan. The *Memons* and the *Khojas*, two business groups based in West Pakistan, by contrast, controlled 40 per cent of Pakistan's industrial assets (Papanek, 1969: 122).

The widening gap between the Bengal Muslims and their West Pakistani counterparts burst into discontent in East Pakistan. The absence of industrial, business or powerful landlord classes in East Pakistan provided

the petty bourgeois class (shop-keepers, teachers, doctors, lawyers, students and peasants) with the opportunity to come to the forefront of the struggle against Pakistani domination and exploitation (Ahmed, 1973: 420). During the 1960s President Ayub Khan promoted a section of Bengali traders and businessmen as a new industrial bourgeoisie but this class remained loyal to their class interest and played an ambivalent role during the Liberation war of 1971 (for details see Alavi, 1972: 78-79). The Awami League (People's Party) under the leadership of the late Sheikh Mujibur Rahman, the founding President of Bangladesh, capitalized on mass discontent and became the most vocal party for the rights of the Bengalis.

The undercurrents of the movement this time shifted from all-Pakistan Muslim unity to Bengali linguistic and cultural identity. At the initial stage, the mass discontent took concrete manifestations in the Language Movement of 1952 and the United Front election victory of 1954. The language movement was a reaction to Mohammad Ali Jinnah's declaration in 1948 that Urdu, spoken by a minority in Pakistan, would be the state language of Pakistan. Bangla, spoken by the majority, was recognized as a state language only after the Bengali youth spearheaded a fierce movement and many of them sacrificed their lives on February 21, 1952. The discontent over language had its obvious reflections on the political scene that led the Bengali politicians to create a new political front to fight the West Pakistani rulers collectively. The result was the floating of the United Front- a conglomerate of Bengali political parties in 1954. In the East Pakistan State assembly elections of 1954 the United Front won 215 out of 237 seats and the Muslim League won only 9 seats (Stern, 2001: 127). It gave a strong signal to the West Pakistani rulers that Bengal Muslims be treated fairly.

In 1966 the Awami League launched the program of 'Six-point Demand' that, among others, included the demand for a separate currency for East Pakistan, a regional militia for East Pakistan and a federal form of government where the central government would delegate all powers, except defense and foreign affairs, to the two provinces (East and West Pakistan). Evidently, the six-point demand was launched to designate equal shares in the resources of Pakistan and a separate state apparatus for East Pakistan. The situation took a critical turn after the 1970 elections in which the Awami League won 99 per cent of the National Assembly seats allocated for East Pakistan. The military ruler General Yahya Khan, who had succeeded President Ayub Khan, was unwilling to hand over power to Sheikh Mujibur Rahman as he believed that Sheikh Mujib would cut military expenses drastically and considerably downsize the military apparatus in Pakistan (Ali, 1971). The hectic negotiations between the military and Sheikh Mujib failed to produce any fruitful results and a military crackdown ensued against the unarmed Bengalis on March 25, 1971. The War of Independence was declared on the next day and after a fierce nine- months struggle Bangladesh emerged independent on the world political map on December 16, 1971.

2.6 Bangladesh: New Land, New Resistance

After 1971 the people of Bangladesh got an historic opportunity for the first time to take control of their own fate and define their own future. The history of the past several hundred years had taken a different turn in the latter half of the twentieth century. The British colonialists were gone, Hindu *zamindars* and moneylenders mostly migrated to West Bengal after the partition of India in 1947, and the grip of Pakistan finally broke down in 1971. Gone were the days of foreign direct presence, rule, domination and exploitation. The State of Bangladesh emerged independent in 1971

with a commitment to build an exploitation-free society. The emancipation of the toiling masses was one of the top priorities. The post-liberation government of Sheikh Mujibur Rahman declared Bangladesh a socialist state and opted for a socialist path to development. Thus the objective of putting an end to exploitation of man by man and of one class by another class was advanced.

But that experiment did not last long. Bangladesh had to turn to Western governments and multilateral financial institutions which it had earlier criticized as the axis of imperialism and neocolonialism. Multilateral aid and credit from international financial institutions came but with stern conditionalities prescribing a drift away from socialist to capitalist reconstruction of the economy (Faaland et al, 1981; Sobhan and Bhattacharya, 1990). With the fall of the Sheikh Mujib government in August, 1975 (6), Bangladesh clearly opted out of the socialist path to development and decided to pursue a capitalist path instead. The post-Mujib rulers built up closer relations with multilateral donor agencies and credit institutions and pursued policies to encourage private initiatives in the economy. In the decades of the 1980s and 1990s, the major industrial sectors were privatized and foreign trade, fiscal and monetary policies were liberalized, making the Bangladesh economy much more open to the external world (World Bank, 1994 & 1995; Khan, 1995; Quadir, 2000).

The broad range of reforms in the economy, better known as a structural adjustment program, is pervading both industrial and agricultural sectors with no visible social safety nets for the poor. The distributional conflict that has emerged out of the painful adjustment process in the economy has pushed the industrial labor and other vulnerable groups in the Bangladesh society to resist policies of liberalization and privatization in the economy. This is the latest phase of struggle currently going on in Bangladesh,

although the popular masses suspect that real resistance is too difficult to mount. Neither the dominant social classes in the domestic sphere who benefit from reforms nor the external promoters of reforms are sympathetic to their cause. But their resistance continues to grow.

2.6 Conclusion

This chapter has attempted to highlight the long drawn-out historical processes of resistance movements in greater Bengal and Bangladesh. The review confirms that the root causes of the resistance movements lay deep in the patterns of social formation that came into existence at different periods in Bengal history. In ancient Bengal resistance developed mainly as a reaction to religious oppression of the Hindu priest class, the Brahmins, that paved the way for the establishment of Islam as a popular religion in Bengal. Under British rule a qualitatively new dimension was added to the resistance movements. This time not the imposition of foreign religious values but acute socio-economic differentiation created by British land and industrial policies led to the development of hundreds of resistance movements waged by the Bengal peasantry. The pattern of new social formation with a bias to West Pakistan-based social classes and groups and regional disparities between East and West Pakistan characterized resistance movements in the then East Pakistan from 1947 to 1971.

There are some significant features of the resistance movements of the last several hundred years that need to be singled out here. First, it is the popular masses who rose up against foreign domination and tried to eliminate exploitation and social injustices they were subjected to. In some cases they were successful and in others they were not. Second, the resistance movements succeeded in developing a sense of solidarity

among the Bangla-speaking popular masses- the lower strata of the Bengali society. The Faraizi Movement, however, added a new twist of a sense of Muslim identity among the Bengal Muslims. This sense was further sharpened after the annulment of the Partition of Bengal in 1911. This helps explain why they lent support to and got mobilized under the banner of the Muslim League and accepted Pakistan as their new homeland. Third, the identity of Bengal Muslims came into sharp conflict with that of their co-religionists in West Pakistan shortly after the creation of Pakistan in 1947. This time they clearly emphasized their Bengali linguistic, cultural and social identity instead of Muslim unity and broke away from Pakistan. Bangladesh, the eventual homeland of the Bengal Muslims, in any ultimate analysis, is the outcome of their long resistance movements against foreign rule and domination.

Notes:

1. Bangladesh literally means the land of the Bangla-speaking people. One should be, however, aware of the fact that a significant number of people in neighboring India, particularly in the provinces of West Bengal and Assam, also speak Bangla. The Bangla language draws its origins from the now defunct Indo-Aryan Sanskrit language that was in vogue in India since the seventh century B. C. Before the eighteenth century Bangla language had no specific name; the common people knew it as their mother language while Sanskrit was known as the language of literature and scholarship. The Bangla language subsequently came to play a major role in the development of a linguistic identity of the people of Bangladesh (see Sen, 1970: 1-10).

2. The Faraizi Movement in Bengal was not an isolated Islamic revival movement. In fact, in the eighteenth and nineteenth centuries there were Islamic resurgence movements in the Middle East, South Asia and Southeast Asia. The Wahhabi movement in Saudi Arabia, the Tariqah-I-Muhammadiya movement in north India and the Muhammadiyahs in Indonesia were examples of movements aimed at reviving the spirit of Islam.

3. This section is mainly based on Kling, Blair B. (1966), The Blue Mutiny: The Indigo Disturbances in Bengal 1859-1862 (Philadelphia: University of Pennsylvania Press).

4. The Pabna Rent Revolt (1873) was mainly organized and carried out by local peasants in the Sirajgong subdivision of the Pabna district. The heavy demand of taxes of different kinds by the zamindars provoked the toiling peasants to organize a tenants' league to resist the realization of taxes. Riots broke out but lasted only for a few days.

5. The Indian National Congress, although it supported the peasantry when their interest was jeopardized by the British Government, was never eager to involve the agrarian issues in its party platform. Mahatma Gandhi was also opposed to the involvement of the peasantry in politics because the Congress, after the departure of the British from India, was to form the government and involvement of peasantry would create extra pressures on the state and government. The Bengal Provincial Congress was equally disinterested in agrarian problems simply because many of its leaders came from the landed class. Similarly, the Muslim League represented the landed class in north India and the provincial Bengal Muslim League was controlled by the landholding class, too. The conflicting class interests of the peasantry and the Muslim League leaders took a new course only after

the enfranchisement of the peasantry. Since the majority of the Bengal peasantry were Muslims, the Muslim League leaders came forward to exploit their communal sentiment to promote the cause of Pakistan. See Hashmi, Tajul Islam (1981), " Bengal Peasantry and Politics, 1919- 1929" in Akanda, S. A. (ed.), Studies in Modern Bengal (Rajshahi: Institute of Bangladesh Studies).

6. Sheikh Mujibur Rahman, the founding president of Bangladesh, and most of his family members were assassinated on August 15, 1975. A disgruntled section of the Bangladesh Army was apparently responsible for his assassination but it was more the result of deep divisions in the Bangladesh society- pro-India, pro-Soviet, pro-America and so on. Mujib's pro-India leanings and his policies of secularism and socialism were unwelcome to many sections in Dhaka, particularly the anti-Indian and anti-Russian lobbies. These lobbies were out to bring down his government and they succeeded in 1975.

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Chapter 3: Social Forces and the Shift from Socialist Experiment to Neoliberal Economic Reform Policies in Bangladesh*

3.1 Introduction

This chapter analyzes the political economy of post-independence socialist experiment and post-1975 neoliberal economic reform policies in Bangladesh. It broadly maps out the underlying factors that brought about the shift from socialist experiment, which Bangladesh embarked on after independence on December 16, 1971 to capitalist development, and basically argues that the primary impetus for the choice of a pro-capitalist road to development in Bangladesh originated out of the reconfiguration of social forces/classes after the overthrow of the pro-socialist Awami League government on August 15, 1975. The new social structure that began to take roots after mid-1975 was more prone to facilitate the capitalist road to development and forge viable linkages with capitalist classes in the developed world. The World Bank (WB) and the International Monetary Fund (IMF), as institutional agents of neoliberal reforms, emerged as Bangladesh's guardians of the new development path and began to constantly prod the post-1975 governments in Dhaka to accept new policy prescriptions and expedite the implementation of the reform agenda (Sobhan, 1990). The reform policies suggested by these two institutions in the categories of trade liberalization, fiscal reforms, deregulation and privatization etc., were in line with the economic aspirations, social goals and political choices of the new social forces in power. In that changed politico-social context, it is no wonder that neoliberal package of reform policies had hardly any difficulties to penetrate deeply into Bangladesh society. I will substantiate this argument first with an elaboration of the post-independence constellation of social forces and the choice of socialist path to development in Bangladesh.

3.2 Constellation of Social Forces at Independence and the Socialist Experiment

Bangladesh proclaimed herself a socialist state on December 16, 1972, just one year after her independence on December 16, 1971. The post-independence transitional Awami League government led by Sheikh Mujibur Rahman (hereafter Sheikh Mujib) promulgated Presidential Order 22 to quickly finalize a constitution for Bangladesh. The Order provided for setting up the 'Constituent Assembly' consisting of Bengali members elected on Awami League ticket in the 1970 elections to the National Assembly of Pakistan and the Provincial Assembly of then East Pakistan. The constitution, drafted by the Constituent Assembly, came into force on December 16, 1972 (Maniruzzaman, 1988: 155). The preamble to the constitution declared socialism, nationalism, democracy and secularism to be the four fundamental principles of state policy. Articles 10, 14, 19 and 20 of the constitution specifically emphasized the socialist reconstruction of Bangladesh (Government of Bangladesh, 1972):

Article 10: A socialist economic system shall be established with a view to ensuring the attainment of a just and egalitarian society, free from exploitation of man by man.

Article14: It shall be a fundamental responsibility of the state to emancipate the toiling masses- the peasants and workers- and the backward section of the people from all forms of exploitation.

Article19: The state shall adopt effective measures to remove social and economic inequality between man and man and to ensure equitable distribution of wealth between citizens.

Article 20: Work is a right, a duty and a matter of honor for every citizen who is capable of working and everyone shall be paid for his work on the basis of the principle "from each according to his abilities to each according to his needs".

The Policy of Nationalization of Industries

In conformity with this proclaimed socialist goal of social and economic reconstruction, the Sheikh Mujib government designed a plan to impose state control on the means and relations of production. In a quick move, the government announced the nationalization of all industrial enterprises, banks, insurance companies and inland water transport on March 26, 1972. Presidential Order 16 of 1972 took over all industrial enterprises abandoned by their Pakistani owners and Presidential Order 27 of 1972 nationalized all other industrial and commercial enterprises with assets over Tk. 1.5 million and owned by Bengali bourgeoisie. No compensation was paid either to Pakistani or Bengali owners. The nationalization policy resulted in a huge increase of public ownership of modern industries from 34 percent in 1969-70 to 92 percent by the end of 1972 (Chishty, 1985: 264-265). The non-Bengali bourgeoisie, particularly the *Khojas* and the *Bohras*, operating in then East Pakistan and willing to continue business in independent Bangladesh, were exempted from nationalization policy. The government considered their capital, experience and international business connections highly valuable to Bangladesh (Gankovsky, 1974: 224). Agriculture, domestic trade and distribution systems also remained outside the purview of nationalization policy.

It should be mentioned that the policy of nationalization of industries was not a reflection of the Awami League government's socialist commitment or ideological conviction. The Awami League, to be sure, was not a

socialist but a 'middle-of –the road' party deeply imbued with liberal democratic values (Ahmed, 1989: 1). Neither the party high command nor the functionaries at mass level were socialists by conviction. The Awami League was originally created in June 1949 as an opposition political party to the Muslim League. Since its inception, the party was characterized by two traditions- the petty bourgeois elitist tradition and the populist tradition. The elitist faction, led by H. S. Suhrawardy, was mainly based in urban areas and aspired to jobs in the bureaucracy or positions in the flourishing business community. The populist faction led by Maulana Abdul Hamid Khan Bhashani, by contrast, represented the mass peasants in East Pakistan and articulated the frustrations and sufferings of the peasantry. In 1957 the two factions split over the issue of H. S. Suhrawardy's, then Prime Minister of Pakistan, strong pro-American foreign policy. Bhashani's populist faction floated a new political party- National Awami Party while the Suhrawardy faction retained the name the Awami League. Sheikh Mujib, schooled by Suhrawardy in politics, chose to identify himself with the Suhrawardy-led Awami League and began to operate from a strong nationalist platform (Alavi, 1972: 77-78). In subsequent years, he successfully exploited the nationalist feelings of the Bengalis to oppose economic exploitation and political domination by the Pakistani ruling class.

The Awami League leaders and workers- particularly its charismatic leader Sheikh Mujib, used politically tactful strategies to arouse a deep sense of deprivation and exploitation against the West Pakistani elites. Such strategies were successful in creating a strong support base that cut across social groups and classes. Sheikh Mujib realized that the popular support base could be sustained well if there were a radical program that reflected the aspirations of the popular masses. The 1970 election manifesto of the Awami League promised nationalization of big and

medium industries in Pakistan; independence of Bangladesh seemed to provide the top leadership an appropriate context to fulfill that promise. The need to deflect popular support from the opposition leftist parties also influenced the top leadership to introduce radical economic programs (Islam, 1977: 4).

The petty bourgeois class, the chief driving force of the Awami League, however, played an instrumental role to influence Sheikh Mujib to nationalize industries and embark on a socialist reconstruction program. This class of divergent social forces- lawyers, doctors, teachers, journalists, small businessmen, lower level government officials, students, trade union leaders, peasants and others were the people who actively waged the liberation war and made supreme sacrifices to free their motherland from Pakistani domination. There is no denying the fact that the Awami League was a party controlled by the petty bourgeoisie; and the post-independence economic policies of the Sheikh Mujib government mirrored the interests of this powerful petty bourgeois class (Sobhan, 1977: 38; Islam, 1977: 21-22). A look at the party leadership and the pattern of representation of various social groups in the Awami League confirms this point.

Dominance of the Petty Bourgeois Class

The dominance of the petty bourgeois class at all levels of the Awami League party leadership was more than evident. The Central Working Committee of the party was a complete reserve of the petty bourgeoisie. In 1969-70, there were 37 members on the Central Working Committee of the party. Out of 37 members, 26 were representatives of the petty bourgeois class. Business and industrial representation on the committee

was marginal; there were only 11 members from the business and industrial class (Maniruzzaman, 1988: 29).

The petty bourgeois class also dominated the 1970 and 1973 elections to the National Assembly of Pakistan and Bangladesh respectively. Of the 268 members elected on Awami League ticket in the 1970 elections, a vast majority, nearly 61.53 percent came from the petty bourgeois class. The representation of the business and industrial class was 26.86 percent but most of them were small traders rather than big business and industrial magnets (Jahan, 1976: 359). The petty bourgeois dominance of the 1973 elections results, the first national elections held after independence, was also comprehensive. Different professional groups in the petty bourgeois class came to constitute 56 percent of the Awami League members of parliament (lawyers 26%, rich and middle farmers 15%, teachers 10%, and doctors 5%). Business and big landowners constituted 24 percent and 3 percent respectively of the elected members of parliament on Awami League ticket (see Islam, 1988: 66). In fact, much of the petty bourgeois dominance in the Awami League and also in post-independence Bangladesh originated out of the social structure of Bangladesh at independence.

Social Structure at Independence and the Petty Bourgeoisie

During the Pakistan period the Bengali upper classes and groups such as big landowners, industrial and business bourgeoisie, top bureaucratic elite and senior army officials were few in numbers. These classes, particularly the business and industrial elite, although started to grow in the late 1960s under the patronage of President Ayub Khan, did not get enough time for graduation from middle class status to the rank of national bourgeoisie. When the liberation war broke out in 1971, the class positions of each of

these classes were weak and vulnerable. Until March 1971, there were about 3,130 qualified industrial enterprises in Bangladesh, but out of this vast number the Bengali bourgeoisie controlled only 900 small and medium-sized enterprises with assets up to Taka 2.5 million (US $ 322,000 approximately). At the upper level, the Bengali bourgeoisie had some 40 industrial and business groups whose assets ranged from 25 million to 50 million rupees (US $ 3.34 million to 6.68 million approximately) (Gankovsky, 1974: 223). Still the Bengali bourgeoisie had an insignificant control over the national assets of Pakistan. Their share of control over fixed assets in manufacturing, bank deposits and insurance business was respectively 18, 10 and 33 percent. The West Pakistan-based bourgeoisie had absolute control over inland water transport, foreign trade as well as bank and insurance companies in East Pakistan (Sobhan, 1983: 142).

In the rural areas, the number of big landowners was relatively small. About 4,600 families had landholdings from 50 to 150 acres. This class, mainly businessmen and prominent officials who invested in land, developed as a result of the revised land ceiling policy of the late 1950s. The government of Ayub Khan raised the land ceiling from 33 acres, fixed by the 1950 East Pakistan Tenancy act, to 150 acres in 1959 to facilitate the creation of a rural Kulak class. This class of big landowners was absentee landlords and they were not directly involved in the production process. In the absence of the big landowning class, the second major group of landowners comprising some 20,000 families and owning lands from 25 to 50 acres played the role of Kulak leaders. They were the agents of the Pakistani ruling class and mediated between the state and the rural society in East Pakistan. Apart from the small group of Kulak families, there were about 1.4 million landless agricultural families, 1.5 million poor peasants with up to 2.5 acres of land and another 1.5 million of

agricultural families with less than an acre of land in their individual possession (Gankovsky, 1974: 220-221). Most of the poor peasants either worked as part-time workers or tenant peasants.

The Question of Land Reforms

The Awami League government, by promulgating Presidential Order number 98 (The Bangladesh Landholdings (limitation) Order 1972) fixed the ceiling on retainable land to 33.3 acres (Abdullah, 1976: 93). This policy decisively broke the power of the rural upper crust but perfectly suited the interests of the middle class farmers who supported the League's drive for independence (1). Despite a promise to implement land reforms in the 1970 election manifesto, the government stopped short of bringing about fundamental reforms in the land system and thus introducing changes in agrarian social relations. The National Planning Commission, charged with designing economic policies suitable to the interest of the new state, suggested a land ceiling of 10 acres to be implemented by the Sheikh Mujib government. But a sizable percentage of Awami League members of parliament who had rural origins and owned more than 10 acres of land strongly opposed this suggestion. In the face of stiff resistance the government fixed the land ceiling at 33.3 acres per household (Alam, 1995: 70).

Instead of protecting the interests of millions of small and marginalized peasants through revolutionary land reforms, the Sheikh Mujib government preferred to bolster the middle and rich farmers who were considered valuable allies to mobilize political support for the regime, especially during election campaigns. The support and vote of the mass peasants were important but they, as a class, were unorganized and could switch sides being influenced by opposition political parties, particularly

the radical elements. The government, therefore, valued the leadership role of the rich and middle farmers to mobilize the mass peasants in times of need. The government was also concerned not to destabilize the ruling power bloc by taking sides with the mass peasants. The reward the rich and middle class farmers received, in turn, was high allocation of national resources to agriculture. The state decided to heavily subsidize agricultural inputs like fertilizer, seeds, pesticides and irrigation equipment to boost up food production to reduce food imports that consumed half of the country's export earnings at that time (Khan, 1974: 16).

Punishing the Rival Classes and Groups

The petty bourgeois class, after consolidating its social position, adopted a series of measures to curb the influence of its rival classes and groups- the industrial and trading bourgeoisie, the bureaucratic elite and the armed forces. The first shot was decisively fired at the industrial bourgeoisie. With the nationalization of industries in 1972, the bourgeois class was denied a foothold in Bangladesh economy. The government of Sheikh Mujib, which had bitter experience of bourgeois interference in politics and decision-making process during the Pakistan period, was determined to stop such ominous developments in Bangladesh politics. The concentration of economic wealth and power in few hands and its associated implications of social inequalities and bourgeois control of political and economic processes also considerably influenced the Awami League leadership to opt for a socialist path to development (Islam, 1977: 17).

In order to curb the future growth of the bourgeois class, the government drew up an investment policy that designated a limited role for the private sector. The investment policy, announced in January 1973, permitted

private industrial entrepreneurs to build up industrial units whose fixed assets must not exceed Taka 2.5 million. The investment could expand up to Taka 3.5 million provided the entrepreneurs reinvest the profits made from the sales of products. The government, however, retained the right to nationalize the private sector units if they were not managed and run on good terms. Negligence, mismanagement and greedy motives on the part of private entrepreneurs were supposed to provide the government reasonable grounds for take over. The government also declared that well-managed private sector units would be guaranteed against nationalization for a period of 10 years. There was also the promise of a tax holiday for 5 years and a 60 percent tax exemption on reinvested money in the industrial units (Kochanek, 1993: 81). Thus, it was more than obvious that the Awami League government was determined to prevent the growth of medium and big capitalist class in Bangladesh. The limited incentives for the private sector, coupled with the threat of nationalization, sufficiently discouraged the private sector entrepreneurs from embarking on viable industrial undertakings. The nascent Bengali bourgeoisie, developed in the 1960s, thus lost ground in independent Bangladesh (2).

The two other social groups that were equally downgraded and punished by the Awami League government were the civil bureaucracy and the armed forces. Starting from a virtual zero position in 1947, the Bengali members of Pakistan bureaucracy came to dominate the provincial administration of East Pakistan by the end of 1960s; a few of them also held important positions at the central level. By 1968 there were around 514 highly trained CSP (Civil Service of Pakistan) officials in Pakistan. Out of this big number only 188 officials, who were Bengalis, opted for Bangladesh after independence (Kennedy, 1987: 79). Socially, the Bengali members of Pakistan bureaucracy belonged to the established and rising rich section of the Bengali society. The influence of this class was

pervasive and many of them were connected to the Muslim League, the party that led the movement for the creation of Pakistan. The powers and influence of the bureaucrats often outmatched that of the (civilian) politicians. The Awami League government used the Collaborators Ordinance of 1972 to purge the bureaucracy of pro-Pakistan elements and made many political appointments to strengthen its position within the bureaucracy. Consequently, many influential members of bureaucracy lost their jobs and the balance of power tilted in favor of the Awami League (Rahman, 1974: 171-191).

The Bangladesh army, on the other hand, had a modest beginning in the Pakistan Army and at independence they were less organized as a powerful interest group. Most senior members of the Bengali component of the Pakistan army were stranded in West Pakistan when the liberation war started and they remained there until victory was achieved on December 16, 1971. The government, haunted by the experience of intervention by the Pakistan army in politics, had little faith in the Pakistan-trained armed forces and preferred to raise a loyal militia called *Jatiyo Rakkhi Bahini* (National Security Force) under the direct control of Sheikh Mujib. Trained by India and equipped with Indian and Russia-made weaponry, the militia strength rose to 25,000 in January 1975. The Bangladesh army, consisting of some 55,000 personnel in 1975, saw the militia as a rival force that contributed to its diminishing influence in independent Bangladesh (Maniruzzaman, 1988: 163-164).

With the industrial bourgeoisie, the bureaucracy and the armed forces decisively crippled by post-independence policies, the petty bourgeois class was perfectly poised to be the unchallenged ruling class of the country. The interest groups that appeared on the scene were rich and middle farmers, small scale entrepreneurs, trading and marketing

intermediaries, the students and influential trade unions. The economic policies and decisions of the government reflected the interests of these groups collectively or individually (Islam, 1977: 22). It may be pointed out that the nationalization policy of the Awami League government affected none of these interest groups and hence they generated no notable opposition to public ownership of medium and big industries.

The conservative forces within the Awami League led by then commerce minister M. R. Siddiqui tried to oppose the nationalization policy but they were not strong enough to mount considerable pressure on the top leadership. Their position was weakened when the leftwing faction in the party, led by Finance Minister Tajuddin Ahmed, lent strong support to the nationalization policy and two other influential members of Sheikh Mujib's cabinet- Syed Nazrul Islam and Dr. Kamal Hussain- endorsed it (Kochanek, 1993: 77-80). Tajuddin Ahmed's left wing faction included the radical elements in the Awami League and its affiliated bodies- the Students' League and the Workers' League. The students and the workers were highly effective in mobilizing mass support for party programs and the top leadership considered them valuable allies both in the pre and post-liberation period. These forces, radicalized in the course of struggle against Pakistani exploitation, had close links to Sheikh Mujib and pressed him hard to adopt mass-oriented socio-economic programs. The conservative forces thus lost and the leftwing forces won the day.

Influence of the Donor Community

During the first few years of the Sheikh Mujib government, donor influence, bilateral or multilateral, was at minimum. The WB and the IMF had marginal say in the economic decision making process of the country and the government accepted aid from foreign countries negotiated on a

'state to state terms' basis. The efforts to resist donor pressure, however, came to an end by October 1974 when the country plunged into an economic crisis. The Sheikh Mujib government inherited an economy badly ravaged by the liberation war. In addition to that, the invention of synthetic fiber as an alternative to jute, the principal export commodity of Bangladesh, loss of markets for industrial products in Pakistan and the oil crisis of 1973 hit Bangladesh severely and precipitated the economic crisis. What followed the crisis were massive inflation, balance of payments crisis, disintegration of the public sector and a rapid downturn in the economy. Aid and assistance from India and the former Soviet Union, the two countries that actively supported the liberation war of Bangladesh, did not come in sufficient quantity to meet the requirements of Bangladesh's war ravaged economy. The government had no option but to pay heed to the WB-IMF complex for an urgently required financial bailout (Lifschultz, 1979: 140).

The WB and the IMF took advantage of the situation and put forward a reform package which the government found unpalatable but agreed to accept. The most important elements of the reform package were: rolling back the nationalization process and facilitation of private sector development, trade liberalization and a 50 percent devaluation of the Bangladesh Taka (Lifschultz, 1979: 141). Several other conditions were attached subsequently. The government devalued Taka by 58 percent in May 1975 before the IMF approved the second standby loan arrangement in July 1975, and agreed to liberalize imports and to reduce subsidy on agriculture (Syeduzzaman, 1991: 265).

The severe effects of the economic crisis and the famine of 1974 that hit hard the mass people created widespread anti-government and anti-Mujib feelings in the country. There were also allegations of Sheikh Mujib's pro-

India leanings which the Bengal Muslims, because of historical reasons, were prepared to tolerate the least (3). The Sheikh Mujib era finally came to an abrupt end when the rightwing forces in the Bangladesh Army assassinated Mujib and most of his family members on August 15, 1975.

3.3 Reconfiguration of Social Forces after 1975 and the New Development Strategy

With Sheikh Mujib's violent removal from the national scene, the military strongman General Ziaur Rahman (hereafter General Zia) emerged as the chief actor in Bangladesh politics. Shortly after consolidating his position in the army and the military-led government formed in November 1975, General Zia made a quick move to build up an alliance of three dominant classes and groups- the armed forces, the civil bureaucracy and the industrial bourgeoisie kept at bay by the Sheikh Mujib government. The petty bourgeois class was thrown out of power and the gate to power sharing by this class was shut for good.

At the initial stage, the new social alliance aimed at eliminating or, at least, neutralizing internal challenges to General Zia's military regime as well as to put up a solid front of resistance to external threats emanating from India. Internally, sooner or later, General Zia would face pressures from political parties and civil groups to go back to the barracks and externally India appeared as a formidable foe after the overthrow of the pro-India Awami League government. The government of late Indira Gandhi publicly declared its concern over the developments in Bangladesh and extended support to the die-hard supporters of Sheikh Mujib. Indeed, India did not fail to express her displeasure with the new military regime in Dhaka by stopping sharing the water of the international river Ganges and allowing the pro-Mujib forces, who took shelter in India after the

assassination of Sheikh Mujib, to carry out clandestine acts of sabotage inside Bangladesh from Indian territory (Maniruzzaman, 1988: 200).

General Zia, partly because of ideological conviction and partly because of anti-India feelings inherited from the Pakistan Army (4), decided to pull Bangladesh out of the Indo-Soviet orbit. The precarious nature of Bangladesh's geographic location and the dictates of regional geopolitics compelled him to recast Bangladesh foreign policy and build up strong relations with the West. The reorientation in foreign policy was accompanied by a decisive shift in the development policy of the country too. The military dictator soon abandoned the socialist path to development and announced the pro-capitalist economic policy in December 1975. The new economic policy largely soothed the anger of the hitherto unhappy capitalist countries, particularly the USA, and as a result development aid and credits began to pour into the country (Franda, 1982).

Consolidation of the New Alliance

At the domestic level, the formation and the consolidation of the new social alliance was a priority to the military strongman. He first sought to strengthen the hitherto neglected Bangladesh army. The allocation of national resources for the armed forces increased more than two times. The budget for the armed forces increased from Taka 750 million in 1974-75 to Taka 2062.7 million in 1975-76 fiscal year. In subsequent years defense expenditure kept a rising trend. The regime also raised a new army division to expand the overall strength of the armed forces. Major General Mir Shawkat Ali, a former comrade of General Zia, was appointed the commanding officer of the new division. The strength of internal security forces- the Bangladesh Rifles and the police force- was

also increased greatly (Maniruzzaman, 1988: 202). General Zia had acquired a good credential as a freedom fighter during the liberation war and enjoyed enviable respect in the army. This was a rare commodity that helped him restore discipline in the army and develop it as a strong interest group, although recurrent coup attempts were made to oust him from power from time to time (Lifschultz, 1979; Mascarenhas, 1986)

Attention then turned to reinvigorate the devastated and demoralized bureaucracy. The military regime annulled Presidential Order 9 of 1972, which had empowered the President to dismiss any officials without assigning any reasons, to restore confidence in the members of bureaucracy and equip them with necessary powers to discharge responsibilities smoothly. The military regime under General Zia rehabilitated the bureaucrats fired by the previous Awami League government. In the process the Bengali members of the Civil Service of Pakistan (CSP) gained the upper hand and they were placed in almost all the important positions of the government. The bureaucrats who tilted toward the Awami League government were downsized and put under the control of the CSP officers. Influential technocrats like Shafiul Azam and S. A. Khair, former CSP officials, were entrusted with the responsibility of national economic planning (Maniruzzaman, 1988: 209).

The dominance of CSP officers in the Bangladesh Secretariat, district-level administration, Planning Commission and the public corporations soon became quite visible. This group of resurrected bureaucratic elites was galvanized as a consolidated social group and they made a clear imprint on the administrative and economic decision-making processes of the country. Top level CSP officials and advisors to General Zia like A.K.M Hafizuddin (Ministry of Industries), Kazi Anwarul Huq (Ministry of Rural Development and Co-operatives) and Azizul Huq (Ministry of

Agriculture) made strong contributions to the new development strategy for Bangladesh (Maniruzzaman, 1988: 209-210).

Shift from Socialist to Pro-market Economy

The development strategy of the military regime, announced in December 1975, signaled a quick shift from socialist reconstruction to the capitalist path of development. It discarded the rural biases of the previous government and gave top priority to urban interests. The emphasis was put on private sector-led development and export oriented industries that had much in common with the development model of President Ayub Khan of Pakistan. The philosophy behind this new model of development was that the industrial sector must absorb the vast army of the unemployed in the rural as well as in the urban sectors. The best way to realize this objective, the government concluded, was the expansion of labor-intensive industries through local and foreign private investment (Mallon and Stern, 1991: 193). Accordingly, the Revised Investment Policy (RIP) of December 1975 raised the ceiling of private investment from Taka 30 million to Taka 100 million and eventually the ceiling was withdrawn in 1978. The public sector was considerably trimmed and private investment was encouraged and welcome in all areas except arms and ammunition production, atomic energy, jute and sugar industries, air transport and electric power generation and distribution. The government further guaranteed private investment by scrapping the policy of nationalization (Kochanek, 1993: 92; Hamphrey, 1992: 48).

The RIP offered a special package of incentives to indigenous entrepreneurs. The government promised expanded credit for the private sector and directed public finance institutions to provide loans for private industrial undertakings. The government also set up the Investment

Corporation of Bangladesh to provide underwriting facilities for the private sector. A Disinvestment Board was set up to expedite the sale of small and medium enterprises to private entrepreneurs. To facilitate the expansion of the capital market, the Dhaka Stock Exchange, closed in 1972, was reactivated in 1976 (Muhith, 1993: 251; Hamphrey, 1992: 49). The government, however, retained full control over foreign exchange and imposed several restrictions on import trade by making an 'import list' requiring importers to seek prior permission of the government to import items not included in the 'import list'. There was also a provision that offered entrepreneurs tax holidays if they were ready to reinvest 30 percent of the profits made from their productions units (Islam, 1988: 150-151).

General Zia and the Bourgeoisie

The rolling back of the nationalization process and the incentives for private investment gave the dispossessed bourgeois class a historic opportunity to reassert itself in independent Bangladesh. The bourgeoisie were happy in the changed environment but demanded more concessions from the government. They demanded that the government should take effective measures to rehabilitate industrial entrepreneurs by returning the nationalized jute and textile mills to their original Bangladeshi owners and that they should be granted easy access to institutional credit. Further, they demanded an official declaration to the effect that the government would withdraw from the development process of the country. Such declaration, they argued, was necessary to create confidence among the industrialists and investors (Kochanek, 1993: 93). The government never came forward with such a declaration but instead initiated measures to ensure that the private sector received maximum share of public finance. Between 1972-1981 the development finance institutions had committed Taka 4.70

billion (US $ 261 million approximately) as loans to the private sector (Sobhan, 1991: 4).

The alliance between General Zia and the industrial and business class yielded mutual benefits. General Zia was under tremendous pressure both from domestic political forces as well as international donors to civilianize his military regime and he needed the support of the bourgeoisie to give legitimacy to his military regime. The military strongman was particularly eager to expand his ruling coalition of the armed forces and the civil bureaucratic elite to include the businessmen and the industrialists. The bourgeoisie, in turn, took advantage of his weakness to make quick money by investing in unproductive sectors like real estate, indenting, smuggling etc. General Zia also made undue concessions, such as large-scale tax evasions, to the big business and industrial groups and discouraged the Bangladesh Bank, the central bank of the country, to design and implement tighter credit policy. As a result, many industrial and business groups took loans from the development finance institutions but never repaid the loans. The default problem assumed a serious dimension by the end of the 1970s and the total loan defaults stood at Taka 5.2 billion (US $ 334 million approximately) (see Quadir, 2000: 5-7).

The Bangladesh Nationalist Party (BNP), General Zia's political party, received large donations from the business class and a significant portion of businessmen and industrialists got BNP nominations for the 1979 elections to the *Jatiya Sangsad* (National Assembly). The percentage of traders and industrialists elected to the *Jatiya Sangsad* on BNP ticket was 28, the largest occupational group in the parliament. The bourgeoisie also got a share in state power for the first time when General Zia appointed four influential businessmen as cabinet ministers (5) (Islam, 1988: 123). Clearly, the bourgeois class emerged dominant in the post-1975 period

and their social position got elevated to such an extent that they became an influential politico-economic factor in the Bangladesh society.

The Donors in the New Context

The donor community, the WB and the IMF in particular, was pleased with the fundamental shift in the economic and industrial policies of the post-1975 Bangladesh. The shift in policies brought massive aid and credits but not without strings. The WB used the Import Program Credit (IPC), the first being negotiated in 1973, to suggest policy reforms in the industrial and agricultural sectors. The fourth, fifth and sixth IPCs attempted to address the various issues and factors related to production efficiency, capacity utilization, better management skills and financial performance of Bangladesh's major industries. The seventh and eighth IPCs were directed to export promotion and re-structuring of leather, engineering and chemical industries (Syeduzzaman, 1991: 269). In a similar move, the IMF advanced the structural guidelines for macroeconomic reforms through the extended fund facility (EFF) loan agreement concluded in 1980. The important point is that the macroeconomic reforms, prescribed by the IMF and the WB, were in line with the capitalist aspirations of the country's new social classes and groups. Neither the military government of General Zia nor the bourgeois class found the prescribed reforms hard to swallow.

3.4 General Ershad and the New Industrial Policy of 1982

General Zia's period in Bangladesh history came to an end on May 30, 1981 when a section of the Bangladesh army assassinated him in Chittagong, south-east Bangladesh. After a short period of only nine months General Ershad took over administration on March 24, 1982 by

toppling the elected government of Justice Abdus Sattar who served as vice-president under General Zia. General Ershad stepped on the mosaic of a social structure already put in place by General Zia. Initially his military regime, which justified the coup on the grounds of massive economic disorder and rampant corruption, took measures against the bourgeoisie and arrested 15 top defaulters but gradually moved closer to them (Siddiqui et al, 1990: 193-194). By the time General Ershad seized power, the bourgeoisie had made modest beginning in the production process and an emerging entrepreneurial class had a significant presence in the operations of export-oriented industries. This new class exerted extra pressures on the Ershad regime to open up the economy for as many private investors as possible (Mallon and Stern, 1991: 191).

As a military dictator, General Ershad had no particular ideological conviction other than populist feelings for the downtrodden (Hamphrey, 1992: 63-64). Like General Zia, he had the belief that industrial development was the key to absorb the millions of unemployed people in Bangladesh. The public sector-led development was unlikely to succeed in promoting this objective since it was inefficient and too bureaucratic to move onto the road of growth and prosperity. General Ershad and his economic planners chose to give the private sector a lead role and decided to ease the existing regulations to enable the private sector to operate effectively.

Economy in Bad Shape

The state of the Bangladesh economy in the early 1980s exerted substantial pressures on the new regime to opt for a private sector-led growth strategy. The GDP growth rate in the 1980-81 fiscal year was 6.9 percent but in 1981-82 it came down to a record lowest of 0.9 percent. The

economy was also witnessing a few other economic malaise like huge deficit financing that exceeded Taka 5 billion in 1981, a high inflation rate of 12.5 percent, declining external reserves and a reduced flow of external aid (Syeduzzaman, 1991: 266-267).

Dependence on foreign aid at this time also reached its zenith. In the first decade from 1972 to 1982, the balance of payments deficits averaged over 10 percent of GDP and export earnings did not match the costs of imports. Bangladesh began to depend more on food and commodity aid whose share rose to 63 percent of the total foreign aid disbursed in the fiscal year 1979-80 but abruptly fell to 50 percent in 1980-81. Bangladesh had also limited capacity for commercial borrowings from external sources. This was a cause of alarm for the military regime of General Ershad. Moreover, the donor community, the WB and the IMF in particular, refused to advance aid to finance public sector enterprises and pressed for policy reforms. Donors' pressures culminated in the establishment of the Trade and Industrial Policy (TIP) Reform Program in 1982. Under the TIP, a group of technocrats and economists from Bangladesh and America (mainly from the Harvard Institute for International Development) carried out volumes of studies to suggest policy reforms for different sectors of the Bangladesh economy (Mallon and Stern, 1991: 191-92 & 196).

New Industrial Policy

The Ershad regime, in view of the harsh realities of the time, devised a new plan for industrial development embodied in the New Industrial Policy (NIP), declared on June 1, 1982. It was a perfect reflection of bourgeois aspirations and donor pressures. The main thrust of the NIP was industrialization through private participation. It called for an expansion of private sector manufacturing through divesting public sector units, and

limited public sector role in the establishment of heavy and strategic industries. The NIP promised excellent incentives for private sector entrepreneurs, including protection against exchange rate fluctuations, notional payments of duty on imported raw materials, tariff protection for domestic industries, income tax rebates for profit reinvestment in production and so on. It classified all sectors of industry into two categories- the Reserved List and the Concurrent List. Private sector entrepreneurs were encouraged to invest in all areas of the economy except a few areas in the Reserved List- arms and ammunition production, atomic energy, air transport, telecommunications, generation and distribution of electricity and mechanized forest extractions. No governmental permission was required to invest private funds in areas not included in the Reserved List (Government of Bangladesh, NIP 1982).

Business Response to NIP

Following the announcement of the NIP, the government undertook specific measures to divest nationalized enterprises in a phased manner, and offered the public up to 49 percent of the shares in the public sector enterprises to raise additional equity capital. It also finalized the plan to return the jute and textile mills to their original Bangladeshi owners (Chishty, 1985: 272). The last measure, in particular, greatly pleased the bourgeoisie and restored confidence in the minds of prospective entrepreneurs. The response of the business and industrial class was more than positive and they moved forward to exploit the newly offered incentives. General Ershad sought to broaden the social acceptance of his regime through the NIP. The desperate need for legitimacy of his regime persuaded him to make big concessions to the business and industrial elite.

The NIP, as a result, produced good results in the privatization process in a short span of time. The government returned 33 jute mills and 26 textile mills to their original owners by June 1984. The jute mills accounted for 38 percent of capacity in the sector and the textile mills 44 percent of spinning and 53 percent of weaving capacity. The government also privatized another 474 public sector-controlled industrial units and two commercial banks. These measures resulted in a drastic reduction of public sector share of industrial fixed assets from 92 percent in 1972 to less than 40 percent in 1985 (Bhaskar, 1992: 18).

This initial success did not, however, bring about positive changes in the economy as a whole. Stanley Kochanek (1993: 97-98), by quoting various sources, informs us that the business and industrial class resorted to financial manipulations to make quick gains from the privatized industrial units. The buyers of state-owned enterprises failed to pay the required down payment of 20-25 percent of the value of the enterprises they bought. Many businessmen after buying industrial plants, it is alleged, simply resold them to make handsome profits. The huge liabilities incurred by the enterprises during the nationalization era and the dated machinery and broken down equipment, according to business community, were factors that led to closure of many factories. The weak demand for products and serious debt servicing problems also played a role. As a result, the initial momentum created by the 1982 NIP came to a halt by 1985.

It should be mentioned here that although the NIP created much enthusiasm in the business and industrial community, it provoked hostile responses from the industrial working class and other social groups. The working class became scared of retrenchment once the public sector industrial units were divested or privatized. They viewed privatization

program as a direct threat to their survival. The members of bureaucracy who got habituated to manipulations for personal benefits were less ready to relax the regulatory mechanisms as well. The political parties and civic groups who labeled General Ershad as an autocratic and authoritarian dictator were ready to capitalize on the anti-NIP feelings of the workers and employees. The Awami League, for example, publicly declared that once in power it would renationalize the privatized industrial enterprises (Hamphrey, 1992: 113-114; Mallon and Stern, 1991: 1994-1995). We will extensively elaborate this point in chapter five of this study.

Revised Industrial Policy

The government presented the Revised Industrial Policy (RIP) in 1986. The RIP, in a major move, sought to implement the denationalization program more rapidly by offering the public 49 percent share of the public sector industries. The trade unions, which had opposed the privatization program from the beginning, were offered 15 percent shares and participation in the management of industries. The RIP also sought to remove the distortions in the regulatory process like delays in granting permission to set up industrial plants, sanctioning loan, and other bureaucratic bottlenecks. Still the business response to RIP was negative and there were complaints that RIP failed to address the problems of 'sick industries', under-utilization of industrial capacity, higher duties on capital equipment and so on. In the absence of business response, the whole process slowed down gradually. Out of 16 companies slated for privatization in 1986, only 6 could be sold in 1987 and 1988 (Kochanek, 1993: 100-101).

General Ershad's relations with business, however, reached a historic point by the end of 1980s. The legitimacy problem of his regime gradually

forced him to depend more and more on business which many businessmen exploited for personal aggrandizement. He seized power from an elected government through a military coup. Conceivably, the economic policies pursued by his regime enjoyed the minimum public support. He formed the *Jatiya* Party (National Party) with the blessings of the business and industrial class who were the principal financiers of the party. The dominance of businessmen and industrialists in the *Jatiya* Party was more than visible. *Jatiya* Party central and district level committees were staffed by many businessmen and industrialists who quickly turned into politicians. General Ershad picked up many millionaires to run as Jatiya Party candidates for the 1986 elections to the *Jatiya Sangsad*. As a result, businessmen constituted around 40 percent of the total Jatiya Party law makers elected to the 1986 *Jatiya Sangsad* (see Quadir, 2000: 7).

The entente with business made the economy pay heavily to people who preferred illegal channels to amass wealth. Importers resorted to under-invoicing to evade taxes and the government overlooked the necessity to check dishonest business practices (Maniruzzaman, 1992: 219). In addition to that, the problem of default cropped up and reached an alarming point. In 1982 when General Ershad seized power, the total amount of default from public finance institutions was Taka 2.3 billion but it rose to Taka 10.5 billion in 1990 (US $ 304 million approximately) (Sobhan, 1991: 5). The number of defaulters multiplied in the decade of 1980s but the Ershad regime neither published their names nor took any legal actions against them. Surprisingly, about 80 percent of the projects funded by the development finance institutions in the 1980s could not be traced out at all. General Ershad himself sanctioned many projects bypassing the Bangladesh Planning Commission and relevant ministries (see Maniruzzaman, 1992: 219). The defaulting section of the Bangladeshi bourgeoisie, as its obvious result, amassed a huge amount of illegal wealth

at the cost of national interests. Despite huge amount of money pumped into the private sector, Bangladesh failed to achieve sustained industrial growth.

3.5 The Khaleda Zia Government (1991-96), Business Elite and Economic Policy

The Ershad regime collapsed in December 1990 when a nation-wide anti-autocratic movement forced General Ershad and his associates to step down and hand over power to a caretaker government. In the 1991 parliamentary elections the Bangladesh Nationalist Party (BNP) emerged victorious and formed the government with Begum Khaleda Zia, widow of late President Ziaur Rahman, as Prime Minister. The remarkable feature of the elections was the domination by the urban-based higher income group of people. According to one estimate, some 69 percent of the candidates who contested the elections belonged to the upper strata of Bangladesh society and 72 percent of the candidates had urban origins (Holiday, 1991). Both the Awami League and the BNP fielded urban-based wealthy people to contest the elections. Out of 300 constituencies of the *Jatiya Sangsad* the BNP swept over 139 seats. The Awami League, which had expected a landslide victory, fared poorly and had only 88 candidates returning victorious (Khan and Husain, 1996). Out of 141 BNP lawmakers, 94 were from the business community. A substantial portion of Awami League lawmakers was also businessmen and industrialists. The business and industrial class, as a whole, constituted some 59 percent of the elected members of the *Jatiya Sangsad* (see Quadir, 2000: 9).

Industrial Policy 1991

The presence of the businessmen and industrialists as the largest interest group in the *Jatiya Sangsad* meant their complete domination over economic decision-making processes. The government soon introduced a comprehensive reform package ranging from tax liberalization to business friendly pro-market reforms. The industrial policy of 1991 redefined the role of the government as a 'catalyst' rather a 'regulator' of industrial development (Government of Bangladesh, 1991). The new policy ensured that entrepreneurs need not seek government permission if they wished to set up industries with their own funds. They were also offered a series of incentives, including protection against fluctuations in exchange rate, tax holidays of up to 12 years, low duty on imported machines and spare parts and bonded warehouse facilities. Development finance institutions were empowered to sanction private industrial undertakings worth up to Taka 300 million and the limit was removed in 1992. To encourage foreign investors, the government withdrew the limit on foreign equity participation and allowed them to buy shares through national stock exchanges (Ali, 1999: 92-94).

The business community had been particularly dissatisfied with the pace of trade reforms under the regime of General Ershad. To satisfy their demands, the new BNP government greatly liberalized import trade by reducing import duties on capital equipment. The traditionally high tariff protection system of the country was brought down to a minimum, the quantitative restrictions (QRs) were eliminated substantially. The average nominal tariff came down from 94 percent in 1989 to 50 percent in 1993. And QRs were reduced to 10 percent in 1993 from 40 percent in 1989 (Goldsbrough et al, 1996: 60). The BNP-business nexus, as a whole, took a concrete shape. The influence of genuine politicians who desired policy-

making independent of business influence was severely curtailed. The various parliamentary committees and sub-committees on the ministries of industries and commerce were mainly staffed by the business legislators and the decisions taken by these bodies were manifestations of business interests.

Donors and the Khaleda Zia Government

There was a popular perception that pressures from the donor community played a decisive role to force the Khaleda Zia government to undertake comprehensive reform programs (Quadir, 2000: 8). Indeed, the donors were unhappy with the slow pace of reforms during the period of General Ershad (1982-90). The 1990 Aid Consortium for Bangladesh meeting referred to the lack of a legal and regulatory framework to promote market-oriented reforms and demanded that the government initiate measures to put things on the right track. Recognizably, donor pressure was a factor but not the principal factor behind Khaleda Zia government's industrial and economic policies. The unprecedented presence of businessmen and industrialists in the *Jatiya Sangsad* set the stage right for a further pro-market move. The business and industrial bourgeoisie made maximum use of their overwhelming majority in the parliament to get maximum concessions from the government.

3.6 The Sheikh Hasina Government (1997-2001) and Relations with Business

In the 1996 *Jatiya Sangsad* elections the Awami League emerged victorious and formed the government in Dhaka. Sheikh Hasina, the older daughter of Sheikh Mujib, assumed the role of Prime Minister. Originally a petty bourgeois conglomerate with socialistic values, the Awami League

faced a dilemma in the new private entrepreneurs-dominated economic landscape of Bangladesh. During the anti-Ershad movement in the 1980s, the League promised workers and trade union leaders that, if voted to power, the denationalization process would be reversed. Sheikh Hasina had that promise fresh in her mind. But once in power she realized that political rhetoric was irrelevant to the hard realities of economic life. She quickly termed private-led industrialization as the 'engine of growth' and assured the private sector all-out support and cooperation. This changed mood of the Awami League under Sheikh Hasina cannot but puzzle observers in Bangladesh politics. We need to briefly ascertain the factors that influenced the leadership to change direction and embrace a pro-market development strategy.

There were both internal and external factors behind the Awami League's change of direction in the mid-1990s. In the two decades from 1975 to 1995, a good number of Awami League supporters and functionaries accumulated wealth and graduated into the rank of national bourgeoisie. Abdullah Yousuf Haroon, an Awami League supporter, was already influential in the business community and, after Sheikh Hasina came to power in 1996, he was elected President of the Federation of Bangladesh Chamber of Commerce and Industry, the national apex body of different chambers of commerce and industries in Bangladesh. The pro-Awami League businessmen were definitely in a position to influence the economic policies of the Sheikh Hasina government. In addition to that, the petty bourgeois class, long deprived of material benefits to be accrued from national resources, was also looking for channels and avenues to get small construction and distribution contracts, import licenses and local level development projects management responsibility that would help them get rich. This class of business people and the party functionaries at

different levels created enormous pressures on the top leadership to pursue the private entrepreneurs-led development strategy.

Externally, by the time the Awami League came to power, the world had changed much, the worldwide shift from socialist and regulatory to pro-market economy being its principal characteristic feature. The resurgence of pro-market forces after the collapse of communism in the former Soviet Union and Eastern Europe was quite visible in a majority of developing countries including Bangladesh. A return to socialist economic reconstruction appeared something like nostalgia. The Awami League had already amended its party manifesto in the early 1990s and adopted a pro-market posture. Perhaps, the anti-privatization rhetoric of the party in the 1980s and early 1990s was meant to woo the working class and win their votes in the national elections.

Industrial Policy Reforms 1997

The government of Sheikh Hasina, in order to please business and create confidence in the business community as a whole, announced industrial policy reforms in 1997. The objective of the industrial policy was to ensure faster economic growth with the private sector playing the leading role. Some of the important features and directions of the industrial policy were: approval of private participation in power generation and distribution, approval for setting up private Export Processing Zones (EPZs) with facilities similar to those accorded to public sector EPZs, and the decision to lift the 'lock-in' provision (this provision required foreign investors not to withdraw their invested capital in the country for an initial period of time, say five years) attached to private foreign investment. The government also set up the Law and Administration Commissions to bring about necessary changes in the legal order and modernize the

administrative system to suit the changing needs of the country (Board of Investment, 1997).

Donors' Diminishing Influence

Unlike the Zia and Ershad regimes and the Khaleda Zia government, the Awami League government was under less pressure from the donor community to promote pro-market reforms. It may be mentioned that Bangladesh's dependence on bilateral or multilateral foreign aid was acute in the 1980s and the dependence reduced to some extent in the early 1990s. By the mid-1990s when the Awami League was elected to power, the importance of aid in the Bangladesh economy was diminishing. The country achieved a commendable average growth rate of 5.4 percent during the period 1995-2000. Previously, aid financed the manufacturing, power generation and telecommunications sectors of Bangladesh but the situation changed greatly because of the high growth rate since 1995. These sectors are now completely exempt from aid and are functioning well utilizing their own resources. In the 1990s, aid money was more directed to social sectors involving human development, poverty alleviation and governance. Currently, aid flows account for only 2 percent of Bangladesh's GDP (Sobhan, 2002: 20-21).

3.7 Conclusion

This chapter, while dealing with the pattern of configuration and reconfiguration of social forces in the pre and post-1975 Bangladesh, has brought into focus a number of important factors. First, the choice of development strategy in any given society squarely depends on the objectives and aspirations of social classes and groups who dominate the national scene at any given point of time. For Bangladesh, the journey

with a socialist development strategy after independence was a reflection of petty bourgeois aspirations characterized by egalitarian social values. The shift from socialist to capitalist development strategy after 1975 signaled the emergence of a different social formation with a different set of social values. The principal point boils down to which class elements are in power and what the social aspirations and economic objectives of the classes in power are. Secondly, the popular belief that donor community initiates change and imposes structural reforms on the economically vulnerable developing countries may not hold in all cases. The Bangladesh case amply demonstrates that the primary impetus for change through structural reforms came from the dominant domestic social forces in power. Third, the bourgeoisie benefited most from the reform process, both in economic and political terms. This class, as the buyers of state-owned enterprises, banks and insurance companies exploited the reform process and amassed wealth on an unprecedented scale. The massive concentration of economic wealth and power into few hands and the associated implication of social inequality convulsed other societal groups and classes in turn. The dynamics of economic inequalities and social discrimination constitute the subject matter of the next chapter.

Notes:

* A version of this chapter has been submitted for publication to *Pacific Affairs*

1. Ayub Khan's 'Basic Democracy' system picked up the class of big farmers and the local influential figures. The middle farmers, in most cases, were neglected and they did not get any share of the resources channeled to the big farmers. They preferred to support the Awami League

in the hope of rising to influence as well as to ensure that their educated sons and daughters were employed in government offices and departments.

2. The 1971 War of Independence of Bangladesh was not a bourgeois aspiration to thrive in an independent state. In fact, the bourgeoisie were in a dilemma when the struggle for independence was assuming a critical dimension. This class used the movement for autonomy led by the Awami League as leverage to extract more concessions and a greater share of national resources from the central government in Islamabad. At the same time they valued their link with the military-bureaucratic oligarchy and expected it to be a bulwark for the protection of their interests. When the War of Independence finally broke out, a section of the bourgeoisie supported it while another section supported the pro-Pakistan rightwing forces. This factor influenced the economic policies of the Awami League government (see Alavi,Hamza (1972), " The State in Post-colonial Societies: Pakistan and Bangladesh" in *New Left Review*, No. 74, July-August issue.

3. A number of factors led to the public perception of the Sheikh Mujib government as 'pro-India'. The government had much in common with India in terms of policy objectives. The principle of secularism, the pro-India and pro-Soviet foreign policy stance were interpreted by the public as something that fell in close conformity with the Congress government under Indira Gandhi. The creation of the *Jatiya Rakkhi Bahini* (National Security Forces), trained by the Indian army, also sharpened this perception.

4. General Zia was commissioned as a junior officer in the Pakistan Army in 1955. He commanded a company of the East Bengal Regiment and

fought bravely in the 1965 India-Pakistan war over Kashmir. After the war he joined the Pakistan Military Academy as an instructor and later received professional training in Germany and Great Britain. No doubt his long association with the Pakistan Army exposed him to an anti-India disposition.

5. Unlike in India and Pakistan, business in Bangladesh gradually emerged to play a prominent political role. There is no doubt that business is a dominant partner of the ruling coalition both in India and Pakistan but they have rarely sought to get involved in politics directly. Particularly in Pakistan, the migrant business communities of *Memons, Bohras* and *khojas* never ventured to do politics, mainly because of their foreign origins and narrow social base.

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Chapter 4: Economic and Social Consequences of Pro-market Reforms: An Overview*

4.1 Introduction

This chapter delves into an analysis of the broad range of consequences the reform policies have produced in the Bangladesh economy and society over the past two and a half decades (from late 1975 to 2001, the year the Sheikh Hasina government completed its term). It develops the argument that the reform policies, instead of distributing benefits among different societal groups, have brought an economic windfall mainly for the business and industrial class in Bangladesh. Since the business and industrial elites exercise enormous economic power and wield conspicuous political influence, they got the reforms designed and implemented in ways that benefited them most. As its obvious consequences, a small group of 40 to 50 families, compared to the 24 families of united Pakistan, have come to control the lion's share of industrial and financial assets of Bangladesh. The vast majority of other societal groups- urban and industrial labor, different professional groups, small businesses, marginal and small farmers, landless agricultural workers and poor women- were hit hard and left out by the reform agenda. Neither the positive benefits nor the trickledown effects of the reforms have reached these social groups. Whatever national economic expansion occurred at the macro-level was not followed by policies of distributional justice at the wider national context. The whole process of economic reforms, to be more specific, has culminated in the emergence of two discernible groups who stand poles apart: the industrial and business community as the winners and the rest of the society as the losers.

As noted in the previous chapter, Bangladesh started to implement pro-market economic reforms by December 1975. Since then, the whole gamut

of reform policies have developed around three broad elements: demand management policies (cuts in government expenditure, currency devaluation), structural adjustment policies (trade liberalization, withdrawal of subsidies etc.), and institutional policies (denationalization and privatization) (see Rahman, 1990). All three elements of the reform package directly and indirectly affect the direction and trend of the Bangladesh economy and determine the prospects of micro and macro-economic growth. A closer look at the impacts of the reform policies is important since the WB and the IMF pushed the reforms in many developing countries, including Bangladesh, claiming that reforms were necessary preconditions to kick-start growth (Leibenstein, 1978; Bauer, 1984; Reed and Kundu, 2000: 5). This chapter first highlights the macro-economic performance of Bangladesh in the decades of 1970s, 1980s and 1990s and then more closely examines the impact of structural adjustment and institutional policies on the Bangladesh economy and society.

4.2 The Macro-economic Scenarios in Bangladesh

To begin with, the economic reform policies were successful in improving the overall macroeconomic condition of Bangladesh in the decade of 1990s. The success was significant in the areas of fiscal balance, control of inflation, current account deficits and foreign exchange reserves. The total government revenue as percent of GDP increased from 7.6 percent in 1990/91 to 9.2 percent in 1995/96 to 9.8 percent in 2001/02. Rate of inflation came down from 8.3 percent in 1990/91 to 6.7 percent in 1995/96 and further declined to 2.79 percent in 2001/02. In 1990/91 the current account deficit as a percentage of GDP was –3.9 percent but it decreased to –2.3 percent in 1995/96 and then further declined to zero percent in 2001/02. Foreign reserves maintained an upward trend throughout the 1990s. The reserves increased from US $ 880 million in the fiscal year

1990/91 to US $ 2039 million in 1995/96 although they decreased to US $ 1478 million in 2001/02. This actually placed the government in a quite healthy financial position (Bangladesh Economic Survey 2002). The macro-economic stability, however, did not push the engine of economic growth forward.

During the 1970s the Bangladesh economy experienced an average economic growth rate of 5 percent. The growth rate was, however, much higher when the country was under the policies of socialist experiment (1972 to mid-1975). Between 1972/73 and 1974/75 real GDP grew at an average rate of 7.1 percent. This rate of economic growth was astounding, in view of the massive damages and extensive infrastructural dislocation in the economy caused by the war of independence. But in the subsequent period from 1974/75 to 1980/81, the growth rate slid to 5.1 percent per annum (Rashid, 1993: 2). The decade of the 1980s is considered the decade of implementation of structural reforms in the Bangladesh economy. The average growth rate of GDP was rather frustrating in this decade. During the period 1980/81 to 1985/86 the GDP grew at 3.2 percent per annum. The GDP growth rate further declined to 2.7 percent per annum in the period 1985/86 to 1988/89. The political turmoil in 1981 and the military takeover in 1982 disrupted normal economic activities and are usually seen as a major cause for the downslide in the rate of real economic growth (Rahman, 1992: 96).

The sectoral breakdown of agriculture, industry and services in terms of share of GDP shows a poor performance picture. Table 4-1 reveals that while the share of agriculture in GDP decreased by the end of the 1980s, the industrial sector did not register any noticeable growth. The service sector boomed to some extent and that compensated for the decline in the agricultural sector. The marginal growth of industry indicates that no

structural changes actually took place in the Bangladesh economy in the1980s. The percentage share of industry to GDP was around 10 percent from 1980/81 to 1989/90. Compared to her South Asian neighbors, Bangladesh's average growth rate of GDP at 4.8 percent in the 1980s was not, however, disappointing. India, Pakistan, Nepal and Bhutan in this

Table 4-1

Percentage Share of agriculture, industry and services in GDP in the 1980s

Year	Agriculture	Industry(construction included)	Services
1980/81	48%	14.9%	36.3%
1985/86	49.5%	15.3%	37.3%
1988/89	43.2%	17.0%	39.8%

Source: Data taken from Rahman (1992: 97)

decade recorded annual growth rates of 5 percent, 6 percent, 4.5 percent and 7.5 percent respectively. The performances by the East Asian countries were, however, much higher than that of Bangladesh and her South Asian neighbors in the same decade. The economies of Malaysia, Indonesia, Thailand and China achieved an average growth rate of 5 percent, 5.5 percent, 7.5 percent and 9.5 percent respectively (Rashid, 1993: 12).

The macro-economic profile of the Bangladesh economy did not show much improvement in the 1990s either. Table 4-2 shows both average growth rates of GDP and sectoral contributions to GDP. It may be noticed that while the GDP growth rate in the first half of the 1990s was less than

encouraging, it shot up in the later half of the decade. An average growth rate of about 5 percent in the later half of the 1990s might give an

Table 4-2

Bangladesh GDP Growth, FY 1992/93 to 2000/01
(In 1995/96 constant price)

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01
GDP growth rate	4.57	4.08	4.93	4.62	5.39	5.23	4.87	5.94	5.16
Agriculture & Forestry	1.35	-0.65	-1.93	2.03	5.57	1.63	3.24	6.92	5.53
Manufacturing	8.62	8.15	10.48	6.41	5.05	8.54	3.19	4.76	6.29
--Large scale	9.00	8.25	11.88	5.67	3.97	9.28	4.19	4.35	6.00
--Small scale	7.70	7.88	8.10	8.28	7.75	6.77	0.75	5.80	7.02
Construction	5.99	9.28	9.56	8.50	4.64	9.48	8.92	8.48	8.65

Source: Bangladesh Economic Survey 2002 (Dhaka: Ministry of Finance, Government of the People's Republic of Bangladesh).

impression that the economy was on a strong growth track but sectoral ups and downs, particularly of the manufacturing and agricultural sectors, point out that the economy has not achieved any solid base so far. The industrial sector has not expanded enough to be the dominant sector to guide economic activities anywhere close to W. W. Rostow's so-called industrial "take-off" stage (Rostow, 1960). The increase in construction from 5.99 percent in 1992/93 to 8.65 percent in 2000/01 rather implies that a significant portion of money was invested in this unproductive sector.

The annual increase in per capita GDP is negligible and still one of the lowest in the developing world.

4.3 Impact of Privatization of Industries

Privatization of nationalized industries was a priority for the Bangladesh government in the 1980s. The process of privatization of jute and textile mills got off the ground especially after the declaration of the New Industrial Policy of 1982. The logic used to justify the transfer of nationalized industries to private entrepreneurs was that the public sector industries were making consistent losses and that it was not the business of the government to operate industries nor exercise managerial responsibility to supervise the country's industrialization. Indeed, the nationalized industries, because of the lack of managerial skills and bureaucratic bottlenecks, performed poorly and depended on substantial government subsidies in the 1970s and 1980s. The public sector enterprises were also plagued by severe financial difficulties and problems of overstaffing. Kashem et al (2000: 51) note that the nationalized industries incurred an annual loss of Taka 16 billion (US $ 360 million) from 1972 to 1989 and the total amount of subsidies to this sector in the 1970s and 1980s amounted to Taka 450 billion (US $ 10 billion). The government justified the subsidies on the ground that the public sector with a contribution of 6 percent of GDP generated over 250,000 jobs and was the largest employer of the country.

The large amount of losses and subsidies, however, motivated the post-1975 governments to back away from industrial management. The business and industrial class was already mounting formidable pressures on the Ershad government to return nationalized jute and cotton textile mills to their original Bangladeshi owners. Donors' pressures also played

an important role to goad the various post-1975 governments in Dhaka to accept privatization as a basic element of the market-oriented adjustment strategy. The WB (1995: 105-106) singled out three significant benefits of privatization in Bangladesh- arresting the losses incurred by nationalized industries, public sector efficiency improvement, and encouragement of private entrepreneurs through a firm commitment to private sector-led development. The WB also cited experiences of privatization in the United Kingdom, Malaysia, Mexico and Chile to strongly press for privatization of state-owned enterprises. Galal et al (1993) had found that divestiture of Chile's telephone company, Malaysia's container terminal and Mexico's national airlines resulted in an increase of profitability and labor productivity. The workers in all three countries received compensation payments and divestiture did not disadvantage them.

Bangladesh, however, started to divest nationalized industries long before the WB pushed hard for it. A few small industries, abandoned by their West Pakistani owners, were divested during the period of General Ziaur Rahman (December 1975 to May 1981) but strong measures were taken only in the early 1980s after the military dictator H.M. Ershad seized power in March 1982. During the period of the Ershad government (1982-1990), the bureaucrats mainly handled the privatization process through the Divestiture Board. Although a considerable number of state-owned enterprises were divested in the 1980s, bureaucratic delays and institutional deficiencies made the process time-consuming. The government of Khaleda Zia constituted an Inter-ministerial Committee on Privatization (ICOP) in 1991 to develop, consider, approve and monitor privatization proposals. ICOP could not make much headway due to lack of autonomy and a clear mandate to implement privatization policies and proposals. The government finally created the Privatization Board in 1993

with necessary autonomous powers to carry out the privatization process effectively (Khan and Ahmad, 1997: 318).

The strong push for privatization resulted in rapid divestitures of public sector enterprises but the benefits from privatization of industries were not that encouraging. Up to May 1993 the government divested as many as 449 state-owned enterprises but no attempt was made to monitor the operations of the divested units. The Board of Investment (BOI) carried out a study in early 1991 to ascertain the fate of enterprises transferred to the private sector between 1977 and 1990. The findings of the study shocked the government and the general public. The BOI found 133 of the divested enterprises had closed down and another 141 enterprises were non-existent. Only 175 units were in operation. It is assumed that many private sector entrepreneurs who bought state-owned enterprises simply sold out the machinery, equipment and other assets to make quick money and become rich overnight (Farid, 1993: 186). The Privatization Board, since its creation in 1993, has handed over 17 units to private sector and finalized the sale of another 18 enterprises by 1999 (Privatization Board, 1999: 9). The Board has a responsibility to monitor the operations of the divested enterprises but it has carried out no study to date to ascertain the fate of the enterprises it has sold to the private sector.

Performance of Privatized Jute and Textile Mills

The stated rationale of privatization was improvement in industrial efficiency, management and an increase in profitability. But unfortunately the privatized jute and textile mills have failed to score better on all three counts. Private Bangladeshi and American scholars undertook a few studies in the late 1980s to ascertain whether the private sector was really performing better than the public sector. Sobhan and Ahsan (1984: 15), in

their study on privatized jute and textile industries, found that compared to public sector mills the privatized mills were lagging behind in terms of productivity, managerial efficiency and financial performance. They used a sample test of 35 disinvested industrial units and reported that out of these 35 units, 5 units closed down because of deteriorating production performance, 16 units registered a decrease in production and the remaining 14 units recorded an increase in production. Of the 14 industrial units with an increase in production, only 4 units were able to open new production lines while 10 units stopped one or more lines of production (Sobhan and Ahsan, 1994: 21). The production volume in the privatized mills fell by a large percentage and there was also more wastage of raw materials by the privatized mills than the public sector mills. The performance of the privatized textile mills was equally disappointing. The average production of privatized textile mills, particularly in the production of cloth, declined while that of the retained mills in the public sector increased. Out of 22 privatized textile mills, production efficiency followed a downward curve in 20 mills. Sobhan and Ahsan reached the conclusion that the privatized jute and textile mills promised no better future and that they were no cure for the public sector mills.

One may question the broad applicability of the discouraging findings of the Sobhan and Ahsan study on the ground that the study was undertaken only a short period after the privatized jute and textile mills went into operation. Jafar Ahmed Chowdhury (1990) refers to the environmental factors that might have caused poor performance by the privatized jute and textile mills. He specifically mentions foreign exchange constraints, inadequate power supply, labor unrest leading to layoff on the supply side and shrinking international demand for jute goods and domestic demand for textile products on the demand side which affected the production goals of the privatized mills and factories. This point should not, however,

be seen as a big loophole. The same supply and demand side factors also equally affected the public sector industries that performed better. Moreover, if industrial productivity and managerial efficiency are to be viewed as special attributes of private entrepreneurship, then a period of four to six years is a sufficient amount of time for the privatized industries to score better on that front.

K. Lorch (1988) carried out a comprehensive study covering the privatized textile mills in the late 1980s. His findings also support the conclusion of the Sobhan and Ahsan (1984) study. Lorch found that the government handed over the textile mills without taking into consideration the financial ability and managerial skills of their former owners. There was some sort of haste on the part of the government to divest the mills anyway; no strategic plan was designed or followed. The owners had no prior plan about how best to run the mills either. Subsequently, they not only failed to service their debt but also performed poorly to improve productive efficiency and investment. The long-term purpose of privatization was thus defeated.

Nevertheless, the owners of the privatized industries and the private sector, as a whole, received state patronage and comprehensive financial backing. The WB and the IMF, in particular, advised the various governments to allow private entrepreneurs free access to credit provided by Development Finance Institutions (DFIs) and Nationalized Commercial Banks (NCBs). These two institutions (WB and IMF) also pressurized the successive governments in Dhaka to stop sanctioning credit to the public sector industries. As a result, DFIs and NCBs credit to the private sector increased at a rate of 130 percent in the early 1980s. This over expansion of credit assumed a critical dimension in the period between 1983 and

1985 due to domestic demand contraction and subsequently led to a serious national problem- the problem of default (Rahman, 1991: 288).

The Debt Default Problem

The debt default, which started in the late 1970s, reached a magnitude of unmanageable proportion by the end of 2000. According to Bangladesh Bank estimates, the current amount of default loans stand at Taka. 250 billion (approximately US $ 4.8 billion) and account for about 32 percent of the total portfolio (The Daily Star, 2003). This huge amount of bad debts piled up mainly because of two factors: indiscriminate lending policies of the DFIs, NCBs and other private banks operating in the country, and lax legal frameworks to tighten financial discipline. The three principal DFIs- *Bangladesh Shilpa Bank, Bangladesh Shilpa Rin Sangasta* and the Investment Corporation of Bangladesh- played the leading role to disburse loans to the private sector. Between December 1971 and June 1982 these three institutions advanced Taka 10.48 billion (approximately US $ 474 million) in loans to private entrepreneurs (Sobhan and Mahmood, 1986: 69). From December 1971 to June 1975, the public sector received 78 percent of all resources advanced by the DFIs. But between 1975 and 1982, 96 percent of the funds sanctioned and disbursed by the DFIs went to the private sector. Further, the private entrepreneurs were given some extra facilities, including overvaluation of their private contribution and over-invoicing. About 70 percent of the DFIs funds were provided as overvaluation loans while 20 percent fell in the over-invoicing category (Alam, 1995: 93).

It may be mentioned that DFIs do not mobilize funds from the people but pump donor-derived credits and other funds from the government into the private sector. The DFIs and NCBs were not much concerned about the

operations of the private entrepreneurs as they rarely undertook any study to evaluate the market worth of the loan projects or to examine the experience and collateral positions of the entrepreneurs. In cases where they embarked on studies, political interventions ensued to thwart such initiatives. The donors, on the other hand, supported the wholesale disbursements of funds to the private sector with the avowed intention of curbing the public sector. They believed that economic growth in Bangladesh could be promoted fast if resources were channeled to the private sector. The WB and the Asian Development Bank (ADB), in particular, avoided monitoring the outcome of their lending operations to the private sector (Sobhan, 1991: 3-4).

The indiscriminate provisions of loans to the private sector were not followed by appropriate loan recovery measures. The failure to recover loans severely curtailed the capacity of the DFIs and NCBs to recycle loans for fresh investment. By the end of 1989 there was an absolute decline in private investment. What is of particular concern is that despite massive injections of funds into the private sector the manufacturing sector did not expand much and the country remained far off the track of industrialization (see Table 4-3 below). It happened either because borrowers taking advantage of legal loopholes simply decamped with the money or they invested money in such unproductive areas as trade, services, real estate business and smuggling. The situation did not show any sign of improvement in the 1990s.The status of financial discipline and the morale of the banking systems and practices thus eroded greatly.

Until the mid-1980s, the government had no legal framework to impose discipline in the financial sector. In 1986 the Ershad government enacted a Financial Loan Courts Act to recover both industrial and agricultural loans. The Act provided for the prosecution of willful defaulters but did

not prove effective simply because the defaulters used political connections to avoid legal actions. It was noted in the previous chapter

Table 4-3

Share of GDP and Growth Rate of Industrial (Manufacturing) Sector (at 1984/85 constant prices, %)

	1973/74		1983/84		1993/94	
	Share	Growth rate	Share	Growth rate	Share	Growth rate
Industry	11.7	42.6	10.3	7.5	10.9	7.8
Large Inds.	5.9	137.3	5.6	13.3	6.9	10.2
Small Inds.	5.6	1.0	4.7	1.3	4.0	4.0

Source: adapted from Bayes, et al (1998)

that politicians and businessmen are boon companions in Bangladesh; a significant portion of the business community happens to be businessmen-cum-politicians who not only influence economic decision-making but also exploit all connections to promote their personal economic interests.

The threat of legal prosecutions to recover bad debts may not improve the situation much and there is the possibility that such actions may be counterproductive. The government of Khaleda Zia enacted the Bankruptcy Laws in the early 1990s to collect bad debts. The stringent terms and conditions for new loans set by the Bankruptcy Laws reduced the demand for investment funds; the inability to clear outstanding debts made many entrepreneurs ineligible to qualify for new loans. The severe pressure for debt servicing also made many businessmen and industrialists cautious enough to approach the DFIs and the NCBs (Sobhan, 2000).

The default problem is such that the government needs to resolve it to restore discipline in the financial sector but it cannot force a way out of the problem since it holds out the possibility of economic contraction and decline in growth rate.

Concentration of Economic Powers into Few Hands

The easy access to and ready availability of loan money has resulted in the massive concentration of economic powers into the hands of a selective group of families. Rehman Sobhan and Binayak Sen conducted a study on the concentration of private economic power in 1989 and the findings of their study are dismal. The New Industrial Policy of 1982 permitted the private sector entrepreneurs to float private banks and insurance companies. A handful of private entrepreneurs, who also happened to be the largest defaulters, quickly moved into and established complete control over private banking and insurance business. The study puts the number of such entrepreneurial families at 37 and notes that personal connections to the regime helped them secure required permission and backing to succeed in the new ventures (Sobhan and Sen, 1989). Consequently, the concentration of economic power into private hands reached a significant stage by the end of the 1980s; the group of 37 families had a total deposit of Tk. 25.38 billion and another Tk. 17.59 billion as earning assets (Sen, 1991: 42). This ushered in the creation of a 'banking bourgeoisie' in Bangladesh.

Private control over the banking business also extended over the insurance industry. Some 48 industrial groups, 44 percent of whom belong to the banking groups, control insurance business and the big insurance companies are affiliated with the big private banking groups. As of 1990 there were some 18 insurance companies in the country and as many as 13

insurance companies were managed by a few domestic private banks like National Bank Ltd., Pubali Bank Ltd. and so on (Sen, 1991: 42-43). This small group of banking and insurance bourgeoisie continued to flourish further and turned into the Bangladeshi equivalent of 'robber barons' of nineteenth century Europe.

Attempts at promoting private sector-led economic growth have also created two other wealthy groups: the indentors (merchant agents), and the private importers of foreign goods. The indentors are better known as commission agents who mediate foreign aid into the country. The implementation of aid-financed development projects requires the import of capital machinery and other industrial raw materials. The indentors, as local representatives of foreign companies, channel the information to their parent companies, compete in the bidding process initiated by the concerned ministries and facilitate market transactions between the buyers and the sellers. The indentors' group had an insignificant presence during the short-lived period of Sheikh Mujib government that received less foreign aid. But in the post-Sheikh Mujib period foreign aid began to pour into the country in massive volumes and the numbers of indentors began to rise dramatically. Bangladesh's dependence on foreign aid reached a historic high point during the period of General Ershad (60 percent of its investment, 85 percent of its development budget and 68 percent of its commodity imports). Up until 1988 there were about 74 registered major indenting firms but their real numbers were probably many times higher. One important aspect of indenting business is that it brings high return with very low level of investment. The indentors usually get a 2 to 5 percent commission from the transactions they facilitate between their parent foreign companies and the local government bodies that run aid-financed projects and thus make a huge income. According to one estimate, between 1975-76 and 1983-84 the indenting firms made an

income of Taka 2.86 million and emerged as a *nouveau riche* group (see Alam, 1995: 107-108).

Alongside the indenting firms, there has also been the mushroom growth of private importers of foreign goods. An important aspect of structural reforms in the Bangladesh economy was liberalization of import and export trades. Private importers, industrial as well as commercial, were allowed to import goods the country needed. By 1991, the total number of registered private commercial importers was 40,000 and the share of private imports in the total imports of the country rose to 74 percent in 1985-86 from 33 percent in 1980-81. The total income made by the private importers in the 1980s and 1990s are not available but one thing is clear that their emergence as a commercial group has incriminated the administration and the political elites. An import license means high profit and the private importers usually bribe the officials or the ruling party leaders to get the desired licenses. The whole process culminates in the business interests of people who are not involved in the production process but accumulate huge income (see, Alam, 1995: 109).

Competing Explanations about the Failure of Private Sector-led Industrialization

The failure of private sector-led industrialization has prompted three competing explanations. Prof. Rehman Sobhan (1993: 925-931), the doyen of Bangladeshi economists, holds the donor community responsible for the slow growth of industrialization and the unexpected 'rake-off' by businessmen and industrialists. The donor community, according to him, imposed policy measures that were unrealistic in the socio-economic and cultural contexts of Bangladesh. The inappropriate reform policies, instead of addressing the specific socio-economic realities, were implemented on

the assumptions that private sector initiatives would relieve the national exchequer of the financial losses incurred by the public sector and pave the way for accelerated economic growth.

This explanation, although it contains a large element of truth, is unbalanced since it overlooks the role of the domestic actors- the business and industrial community and its linkages with the ruling elite that largely predetermined the road to Bangladesh's performance in industrialization. The donors were not the prime cause for pro-market reforms; the impetus for private sector-led industrialization originated from within the national borders first. There was, of course, a marriage of interests between the dominant social classes in Bangladesh and the international donor community.

The WB (1995: 1) has viewed the issue from a diametrically opposite position. Its explanation about the sluggish growth of industrialization hinges on the slow rate of implementation of various reform policies. This is, however, a generalized view the WB applies to explain poor economic performances by many developing countries. The way Bangladesh implemented economic reforms, according to the WB, was half-hearted and the expected goals of reforms were not achieved simply because the reform program was not fully implemented. In order to reap the benefits of economic reforms, Bangladesh, the WB opines, should "choose the high road and accelerate policy reforms, removing the constraints to faster income and employment growth led by the private sector" (WB, 1995: 1).

However, the WB's explanation stands largely lopsided and incomprehensible in view of the wide-ranging reforms already implemented in the Bangladesh economy. As will be discussed below, Bangladesh stands much ahead of India, Pakistan, Nepal and Sri Lanka on

the horizon of economic policy reforms. Whereas Bangladesh started to implement massive economic reforms from the early 1980s, India and Pakistan only commenced them in the late 1980s. The failure to adopt a faster road to economic policy reforms does not necessarily explain sluggish industrialization in Bangladesh.

Fahimul Quadir (2000) attempts an explanation of the issue from a political economy perspective. He strongly argues that different regimes in Dhaka used pro-market economic reforms to ensure regime survival; reforms were never meant to accelerate growth or meet the developmental challenges of Bangladesh. The military and bureaucratic elite, in their attempt to build up political coalitions, preferred to draft the business and industrial community, who eventually capitalized on the reforms to expand the horizons of their personal wealth and resources. The possibility of better performance of the economy was thus severely compromised.

Quadir's explanation is difficult to set aside but his exclusive focus on the domestic dimensions of reform policies de-emphasizes the external factors that also influenced Bangladesh's pro-market approach after mid-1975. The military regime of late President Ziaur Rahman had security, political as well as economic reasons to initiate shift from a socialist to a capitalist path of development. Possibly, he had little option other than to build up a social alliance involving the military, the civil bureaucracy and the business community to meet domestic challenges put up by the pro-Awami League forces and external threats posed by India. This social coalition would have done its best to survive the post-1975 volatile situation in the country. The subsequent military regime of General H.M. Ershad did not dismantle the social alliance but drew on it further to give it a permanent seal.

What then really explains the failure of economic reforms to promote industrialization in Bangladesh? The rate of industrialization, to be sure, substantially depends on the availability of an enterprising business and industrial class. In the subcontinent, India and Pakistan were fortunate enough to have such classes in their initial stage of development. The advent of efficient entrepreneurs was a late phenomenon in Bangladesh, a creation of the 1960s under the patronage of late Pakistani President Ayub Khan. Under Ayub Khan's guidance, the state financial institutions and industrial development corporations extended every measure of incentive, including easy access to loans, underwriting facilities and marketing support to a section of Bengali Muslim businessmen who rapidly developed as a bourgeois class.

Two broad elements characterized this rising Bangladesh bourgeoisie- a mindset of dependency on the state for direct support and patronage, and the tendency to make quick money without taking substantial risks in industrial ventures. This historic dependence of the Bangladesh bourgeoisie on the state, which may be characterized as 'clientelistic form of capitalism', did not change much in the subsequent period. In the changed post-1975 context, they had substantial scope to carry forward the march towards industrialization but the dependence mentality and the tendency to make quick money prevented them from undertaking a genuine industrialization program. They instead decamped with the loan money provided to set up industrial units. They used all available political connections to fill up their personal coffers at the cost of the national economy and thus seriously undermined the possibility of successful industrialization in Bangladesh.

4.4 Trade Liberalization and its Impact on Local Industries

Trade liberalization is an important component of pro-market reforms in Bangladesh. Although several measures were undertaken in the mid-1970s to relax the parameter of restrictions on foreign trade, major initiatives to liberalize trade have been in place since the mid-1980s. The objectives of trade liberalization were to increase competition between export and import-substituting industries, to lower the prices of consumer goods by inducing competition between local and foreign industries, and to ensure that resources are allocated from inefficient to efficient industries. The successive governments, in consonance with these broad objectives, liberalized trade at a faster pace than expected by local small scale entrepreneurs. Tariffs of all kinds ranging from quantitative restrictions to nominal protections were reduced drastically. In 1990-91 the maximum tariff rate was 350 percent but it came down to 37.5 percent by 1999-2000. The average tariff rate was reduced from 89 percent to 17 percent and more than 15 percent of the import items were zero tariff items. These significant changes in the tariff structures put the average tariff rates between 0 to 37.5 percent (Rahman et al, 2000: 5).

The drastic cuts in tariff levels realized two objectives: the reduction of 'anti-export bias', and a corresponding increase in economic openness. Exporters received the benefits of 'duty drawback facility'. On the other hand, the trade openness index increased from 19 percent in 1990-91 to 35 percent in 1998-99 (Rashid, 2000: 5).

The elimination of tariffs has had a negative impact on domestic industries. Foreign finished products began to flood and capture local markets, which hurt local industries. Many local small-scale and cottage industries, in particular, were forced to close down. There were also illegal

import of items that evaded custom duties and could be sold at a very cheap rate in the local market. A good number of items, like biscuits, cornflakes, chips, toothpaste, cosmetics, fabrics, small electrical and engineering products are now freely imported and sold in the domestic market. Previously most of these items were produced by local industries but because of free imports they are now out of operation. Some of the small-scale and cottage industries that suffered most and eventually closed down in the face of the heavy inflow of foreign goods into the local market are: AB Biscuit Factory, and General Food of Tongi (near Dhaka), the rural textile industries of Shekher Char in the district of Narshindi, and the small engineering industries of Old Dhaka. The closure of local industries also affected the local employment level throwing hundreds of people to live in conditions of absolute and extreme poverty (Rahman et al, 2000: 8-10).

The reactions of a female worker who lost her job due to the unscrupulous liberalization of trade is worth noting here (quoted in Rahman et al 2000: 13):

> *Hundreds and thousands of workers are now becoming unemployed due to closing down of both state-owned and private industries but the government is virtually doing nothing for them. The workers who have lost their jobs are now living a sub-standard life. Many of them have been compelled to withdraw their children from schools. Their children have now become child labor, sex labor. They have become maidservants. They are now breaking the bricks on the streets. Should the government do anything for them.*

Societal reactions to trade liberalization are highly negative, if not completely hostile. Most of the participants in focus group discussions and

interviews (reported in Rahman et al, 2000: 6-10) opined that Bangladesh started liberalizing her trade without any strategic vision or plan at hand. Trade was liberalized in a short span of time without making the local entrepreneurs ready for it. Adequate time was not allowed to make progress on technological preparation, skilled workforce development, availability of technical experts, etc. Progress on complementary policy reforms, like judicial and administrative reforms and business support services, was also negligible. The local people, as a result, suffered from trade liberalization. Of course, the importers and exporters of the business and industrial community that pressed hard for trade liberalization were the major beneficiaries.

4.5 Impact of Reforms on Agriculture

Extensive reforms were introduced in the agriculture sector during the 1980s and 1990s. The areas where reforms had deep penetration are marketing and distribution of agricultural inputs, food trade and marketing, curtailment of price control by the government and reduction of tariff rates for agricultural imports and exports. The reforms aim to bring out fundamental transformations to the development of Bangladesh agriculture. The agricultural inputs business is now completely privatized, as private sector businessmen control trade in fertilizer, seed import and distribution and agricultural machinery business. Previously, the Bangladesh Agricultural Development Corporation (BADC), now dismantled, had an absolute monopoly over the inputs procurement and distribution systems. The government has also allowed the private sector to directly import fertilizers and food grain from foreign countries. In addition, the subsidies to agriculture have been greatly reduced. As in the manufacturing sector, private sector initiatives remain the focal point of agricultural development (Kundu, 2002: 112).

The wide range of reforms to facilitate private sector-led development has resulted in the unprecedented disintegration of regulatory practices in Bangladesh agriculture. Previously, agricultural inputs and output markets and public pricing of major products had been the exclusive prerogatives of the government. What is particularly noticeable is that the pace of reforms went at a faster rate in Bangladesh compared to her other South Asian neighbors. In India and Pakistan, changes in agricultural sectors are still at the minimum level. The Indian government intervenes in agricultural inputs markets, pricing of agricultural commodities and rationing of food grains at fair prices. Farmers receive fertilizers and irrigation water almost free. In Pakistan, a major allocation of resources goes to fertilizers and irrigation. The only regional exception is Bangladesh, where subsidies on food and fertilizers have been drastically reduced from 12 percent and 26 percent in the period 1977-84 to 4 percent and 1 percent in the period 1985-92 respectively. For India, although the subsidy on food grain decreased from 15.5 percent in 1975-87 to 14.0 percent in 1987-92, the subsidy on fertilizer increased from 25.1 percent to 27.2 percent in the same period (Ahmed, 2002: 98-99).

The growth rate in Bangladesh agriculture, however, did not follow the pace of reforms; rather it was on the wane. The share of agriculture in real GDP was about 50 percent in the 1970s but this share fell to about 41 percent in the mid-1980s and further declined to about 38 percent in the early 1990s. The agricultural sector as a whole grew at 2 percent per annum during the period from 1975 to 1994 while the overall economic growth rate was 3.6 percent in the same period (Ali et al, 1998). It was only in the latter half of the 1990s that the annual growth rate of agriculture began to improve. The annual growth rate of agriculture went up from 0.3 percent in 1993/94 to 6.4 percent in 1996/97 and then

declined to 3.1 percent in 1997/98 (Kundu, 2002: 118). The increase in crop production, particularly rice and wheat, was the main cause of high growth in agriculture in the late 1990s. The cereal production went up from 10 million tonnes to 22 million tonnes in 1999, bringing about self-sufficiency in food production for the first time (CPD, 2000: 1).

It is believed that the increase in food production was the result of technological progress opened up by the removal of regulatory practices in the agricultural sector. In the past, the BADC exclusively imported and distributed seeds, fertilizers and irrigation equipment. Privatization of inputs import and distribution systems made irrigation equipment, high yield seeds and fertilizers available in the rural areas and many peasants, particularly the rich and surplus peasants, bought the inputs to boost crop production. But the important question for this study is: Did the privatization of inputs import and distribution systems equally benefit the small, marginalized farmers and the landless sharecroppers?

It will not take much time to answer this question if one takes a look at the rural power structure in Bangladesh. In its 1983 study 'Bangladesh: Selected Issues in Rural Employment' the World Bank identified four groups in Bangladesh countryside. The first group was the large landholding families who comprised 6 percent of rural households but controlled 45 percent of cultivable lands. The next group was the middle farmers who possessed 2.5 to 5 acres of land and constituted about one-sixth of all rural households and controlled about one-third of land. The small farmers, with lands from 0.5 to 2 acres, constituted the third group. This group constituted some 30 percent of the rural households. The fourth group consisted of households who were landless (up to 0.5 acres) and worked as agricultural wage laborers. This group constituted half the rural households, but controlled only 2 to 3 percent of all cultivable lands (WB,

1983). It is the first group of big landowners who substantially and the second group of middle farmers who to some extent dominate rural society in Bangladesh. Understandably these two groups are the beneficiaries of agricultural reform policies. Several studies undertaken in the mid-1980s and the late 1990s confirm this claim.

During the first four years of the socialist experiment in Bangladesh the big landowners not only dominated the rural society but also contended for state power. In the post-1975 period the agricultural bloc was denied any share of state power but they remained as powerful in the rural areas as before. There have occurred several changes in the rural economy that undermined domination of the rural elite in the 1990s but these were not enough to eliminate the control of big landowning groups over rural society (this point is elaborated in the next chapter). The continued dominance of these groups largely allowed them to exploit the benefits of reforms in agriculture.

Abul Quasem's study, conducted in 1986, found that privatization of agricultural inputs, particularly fertilizers, created a new monopoly for the large landowners. This group, in addition to owning extensive lands, also specializes in several commodity trades in rural towns and commercial centres. They got an extra opportunity to capitalize on the fertilizer and pesticides trade. Since the operation of a fertilizer dealership requires huge sums of money, the small and marginal farmers remained out of this business. Even worse was the fact that the large landowners did not invest the surplus generated out of inputs business into agriculture. A substantial portion of input dealers (66 percent of retailers and 74 percent of wholesalers), the study covered, reinvested their profits in non-farm business, money lending and real estate business (Quasem, 1986: 14). Another study, conducted by the same author in 2000 in the districts of

Dhaka and Comilla, revealed more negative results of the privatization of agricultural inputs business. About 30 percent of farmers, the study interviewed, complained about adulterated and under-grade fertilizers, which caused a 15 to 20 percent fall in production per acre. About 60 percent of pesticide users complained about low quality and ineffective pesticides that affected about 40 percent of the cropped area (Quasem, 2000: 96).

The farmers are particularly displeased with the sharp rise in fertilizer prices during the cropping seasons. The Rahman et al (2000: 21-22) study conducted in Joypurhat district in northwest Bangladesh and Barisal district in south-central Bangladesh reports that farmers cannot buy fertilizer at fair prices when they need it most. The greedy inputs traders often create artificial crisis of fertilizers, particularly during the production season, and increase the price many times. Although farmers have a wide range of options due to the availability of various fertilizers, they usually encounter unstable prices and are also ignorant of the application of different varieties of fertilizers.

As far back as 1990, the International Fertilizer Development Corporation (IFDC), the technical consultant to the Bangladesh Ministry of Agriculture, undertook a study to assess the impact of privatization of fertilizer on agriculture (see Samad et al, 1990). The study found a dramatic increase of private participation in urea distribution from 6.11 percent in March 1989 to over 90 percent in January 1990. The share of BADC, the public institution of fertilizer procurement and distribution, fell from 77 percent in March 1989 to less than 30 percent in January 1990. The study also claimed that farm-level fertilizer prices, because of the private sector role in distribution and marketing, fell by at least 10

percent from the previous year. This fall in price, according to the study, was recorded all over Bangladesh.

The IFDC's findings are refuted by official statistics on agriculture. The Bangladesh Bureau of Statistics, in its 1996 Yearbook of Agricultural Statistics of Bangladesh, notes rising trends in the prices for urea and tri-sulphur phosphate (TSP). There was a substantial increase of 30.44 percent and 12.32 percent in the price of urea and TSP respectively during the period from 1987/88 to 1991/92 (BBS, 1996). The increase in inputs price affected agricultural growth since the price of food grains (rice and wheat), the major production of the Bangladeshi farmers, did not increase correspondingly but declined or remained static under trade liberalization policy. The reason was that the world price of food grains was lower than that in Bangladesh and farmers lost interest in cereal production (Khaliquzzaman, 1999: 118).

There are several interesting explanations behind fertilizer price hikes in the cropping seasons. The present author, while conducting his field research from January to mid-April 2002 in the districts of Madaripur and Shariatpur in south-central Bangladesh and the district of Kushtia in northwest Bangladesh, discovered a few such explanations. The fertilizer dealers, in most cases, are not farmers but petty traders who mainly reside in the rural towns and business centres. The petty traders are squarely motivated by profit calculations, ethical or unethical, and wait for the propitious time of cropping seasons to raise the margin of profits. This group of rural dishonest businessmen usually creates an artificial crisis of fertilizers and increases the price many times over the actual market price. The poor farmers are forced to buy fertilizers at higher prices to save their crops. The same thing happens in case of pesticides when the farmers badly need them to protect crops from the onslaught of harmful insects.

The liberalization of irrigation equipment imports has made multiple types of generators and power tillers available in the local markets. The prices of these items are also relatively low. But the major beneficiaries are again the large and middle farmers who can afford the items to increase their production. The small and marginal farmers neither have the savings nor access to bank loans (due to lack of collateral) to get necessary funds to obtain the benefits of agricultural liberalization. The withdrawal or large-scale reductions in subsidies to agricultural inputs, on the other hand, has also hurt the interests of the small and marginal farmers. The Bangladesh government currently provides around 3.1 percent of subsidy in agriculture and this is much smaller than the limit of 10 percent permitted by the World Trade Organization (CPD, 2000: 8). The small and marginal farmers, because of price rises in fertilizers, pesticides and seed, now cannot afford or must buy less than the required amount to boost production.

4.6 The Social Costs of Economic Reforms

The pro-market development strategy in Bangladesh, some positive macroeconomic benefits notwithstanding, has resulted in serious social costs that need to be addressed properly. On the negative side, reforms in the industrial and agricultural sectors are characterized by continuous loss of jobs, widening disparities in income and wealth between the low and the high strata of the society and deterioration in the overall poverty situation of the country.

Traditionally, the rate of unemployment and underemployment has been high in Bangladesh. The 1995-96 Labor Force Survey, conducted by the Bangladesh Bureau of Statistics (BBS), reports that out of a 56 million

labor force of Bangladesh 16.5 percent was unemployed (who were either totally unemployed or worked less than 15 hours per week) and 34.6 percent was underemployed (people who worked less than 35 hours per week). The percentage shares of the unemployed and the underemployed were higher in rural areas than in urban areas. While the rural unemployed constituted some 17.6 percent, the urban unemployed rate was 11.3 percent. Similarly, the rate of rural underemployed was 37.9 percent while the urban underemployed rate was 19.6 percent (see WB, 1999: 27-28).

The unemployment situation further aggravated due to retrenchment of workers by the owners of privatized mills and factories. There are no official statistics on how many workers actually lost their jobs; the available estimates often vary. According to Asian Development Bank (ADB) estimates, retrenchment involved some 100,000 to 120,000 workers (Rahman, 1994: 105). Ahmed and Mondal (1993: 47) note that 5 to 10 percent of regular workers and employees were retrenched in the divested industrial units. Mohammad Ali Rashid (2000: 9) writes that employment in the industrial sector reduced from 7.8 million in 1989 to 5.2 million in 1995. Employment in the manufacturing sector took a serious downturn; it declined from 14 percent to 7.5 percent in the same period. If one takes the ADB estimates of retrenched workers of 120,000 then a total of 480,000 to 600,000 people were thrown into the sea of uncertainty (assuming that each worker had a family of 4 to 5 members). This assumption is strongly supported by the fact that the non-diversified economy of Bangladesh had only a slim possibility of providing the retrenched workers with alternative avenues for new employment.

More disastrous consequences produced by the reform policies are to be found in the areas of economic and social justice. Economic inequalities

between different social strata are prevalent in every society- developed or developing, and Bangladesh is no exception. There is no scope to interpret the current inequalities in Bangladesh as the outcome solely of pro-market reforms, but the fact remains that these inequalities have been greatly accentuated by the reform policies implemented over the past years. Particularly in the decade of the 1980s, sharp social divisions developed between the poor and the non-poor in terms of share of benefits from government expenditure. Mamoon and Ray (1996: 262-263), quoting various sources, provide a vivid picture of the widening disparities in this regard. The share of the non-poor (constituting some 30 percent of the total population) in the total social expenditures of the state in the 1980s was 65 percent and that of the poor was 24.5 percent. The shares of the non-poor and poor in the financial sector of revenue expenditures were respectively 70 percent and 14.6 percent. The disparity was more glaring in the administration and defense sectors. The percentage share of the poor was only 10.6 percent while that of the non-poor was 73 percent.

In the area of income and wealth distribution, the poor lagged many times behind the noon-poor as well. The latest Household Expenditures Survey 1995/96, conducted by the Bangladesh Bureau of Statistics (BBS), reveals how national income distribution worsened in the 1990s. Table 4-4 shows that the bottom 5 percent of people in the year 1991/92 had a share of 1.03 percent of national income which declined to 0.88 percent by 1995/96. The share of the bottom 20 percent declined from 6.52 percent in 1991/92 to 5.71 percent in 1995/96. On the contrary, the share of the richest 5 percent of people increased from 18.85 percent to 23.62 percent in a gap of only five years. The top 20 percent in Bangladesh controls over 50 percent of national income and this illustrates how widespread inequalities characterize Bangladesh society. The interesting point to note is that the

disparities in income levels exacerbated when neoliberal policy reforms were being implemented in the Bangladesh economy.

Table 4-4

Income Distribution, Percent Share of Different Strata, 1991/92 and 1995/96 (By Residence)

Group	National		Rural		Urban	
	1991/92	1995/96	1991/92	1995/96	1991/92	1995/96
Share (%)						
Bottom (5%)	1.03	0.88	1.07	1.00	1.09	0.74
Bottom (20%)	6.52	5.71	6.74	6.49	6.70	5.12
Top (20%)	44.87	50.08	43.75	45.81	46.07	52.34
Top (5%)	18.85	23.62	17.80	19.73	19.42	24.30
Gini Coefficient	0.388	0.432	0.364	0.384	0.398	0.444

Source: Household Expenditure Survey 1995/96, Bangladesh Bureau of Statistics, Dhaka, p. 32

During the same period, rural-urban per capita income disparity widened by more than 60 percent. Table 4-5 shows the growing disparity in income between the urban and the rural sectors. The urban per capita income grew at a faster rate than the rural per capita income. In 1989/90 the urban per capita income was 156 percent of rural per capita income but it went up by 216 percent in 1995/96. This is an indicator that explains the extent of

Table 4-5

Rural-Urban Per Capita Income Disparity

Year	Urban per capita income as % of rural per capita income
1989/90	156
1991/92	156
1995/96	216

Source: Household Expenditure Survey 1995/96, p. 31

of deprivation and lack of viability in the rural society of Bangladesh. It may be mentioned that about 80 percent of Bangladesh's 130 million people live in the rural areas but the development policies of the country benefit more the urban-based wealthy 20 percent people of the country.

The skewed distribution in income and wealth has had its impacts on the overall poverty situation in Bangladesh. Table 4-6 shows the percentage breakdown of absolute and extreme poverty prevalent in the rural and urban areas. The data are from the Household Expenditure Survey (HES) 1995/96 completed by BBS. Compared to the 1980s, the poverty situation in Bangladesh has slightly improved by the mid-1990s. The percentage of people under the absolute poverty line has decreased from 62.61 in 1983/84 to 47.53 in 1995/96. A similar trend is noticeable in the hardcore poverty picture- a decline from 36.75 percent in 1983/84 to 25.06 percent in 1995/96. However, the poverty situation remained more or less constant in the period between 1991/92 and 1995/96. Although urban absolute poverty has increased from 46.70 percent in 1991/92 to 49.67 percent in 1995/96, rural absolute poverty has not changed from the late 1980s to the mid-1990s.

Table 4-6

Population Below Poverty Line Based on Direct Calorie Intake
(In Percent of Total Population)

	Poverty Line 1: Absolute Poverty 2122 K.cal/person/day			Poverty Line 2: Hard Core Poverty 1805 K.cal/person/day		
Year	National	Rural	Urban	National	Rural	Urban
1983/84*	62.61	61.94	67.70	36.75	36.66	37.42
1985/86*	55.65	54.65	62.55	26.86	26.31	30.67
1988/89	47.75	47.77	47.63	28.36	28.64	26.38
1991/92	47.52	47.64	46.70	28.00	28.27	26.25
1995/96	47.53	47.11	49.67	25.06	24.62	27.27

Source: HES 1995/96

* Poverty lines for absolute and hardcore poverty in 1983/83 and 1985/86 were Estimated based on 2200 and 1800 K.cals respectively.

Since almost 80 percent of Bangladesh's population live in the rural areas a further discussion on the rural poverty situation is appropriate here. Table 4-7 shows the percentages of people below poverty line based on the size of land owned by rural people. It can be noticed that 47.1 percent of the rural people live below the poverty line and 24.6 percent of them are hardcore poor. It can be further observed that poverty increases with the decreasing size of land holdings owned by the rural families.

Table 4-7

Percentage of Population Below Poverty Line Based on Direct Calorie Intake by Size of Owned Land in Rural Areas, 1995/96

(In percent of Size-Group Population)

Size of land Owned (in acres)	Absolute Poverty 2122 K.cal/per person/day	Hardcore Poverty 1805 K.cal/per person/day
All groups	47.1	24.6
Landless	66.0	44.3
0.01-00.49 (in acres)	58.6	32.2
0.05-01.49	40.8	20.4
1.50-02.49	33.7	14.9
2.50-07.49	32.1	13.2
7.50+	20.5	7.1

Source: HES 1995/96

The situation of women, both in rural and urban areas, is particularly deplorable since they are the primary victims of poverty. This happens largely because of the gender discriminations widespread in Bangladesh. Bangladesh ranks very low in the gender-related development index of the UNDP-introduced Human Development Report published annually. Women suffer discrimination most in terms of access to employment, healthcare, education and income. According to the BBS Labor Force Survey of 1995/96, out of 40.3 million employed people of Bangladesh only 7.1 million were women. The majority of the unemployed women live in the rural areas and female-headed households' average income is less than 40 percent of the income of male-headed households. The probability of being very poor for a female-headed household in the rural areas is 45 percent while that of the male-headed household is 39 percent. In the urban areas the probability of being poor for both male-headed and

female-headed households stands to be 14 percent (Dowlah, 2002: 4-5). Women have also suffered most due to the privatization of industries in the past two decades. Women workers, compared to their male counterparts, are less organized and less violent. The owners of privatized mills and factories find it safe to fire the female workers first. What then awaits the female workers is extreme poverty and helplessness.

4.7 Conclusion

The impacts of pro-market reforms in the Bangladesh economy, as the discussion in this chapter suggests, have been far-reaching both in terms of the range of policies implemented so far and the outcomes the policies have produced. The negative impacts of the reform policies, however, far outweigh the positive benefits of macroeconomic stability. This argument stands valid, at least, on two counts. First, pro-market reforms were primarily meant to accelerate the pace of industrialization and thus to revamp the economy of Bangladesh. Instead of realizing this broad national objective, the reforms have created a new class of 'robber barons' who have amassed huge wealth and money by decamping with state resources. Secondly, the implementations of the reforms were not followed by appropriate policies to ensure distributional and social justice. The obvious results are sharp inequalities in income and wealth distribution. On the one hand, there is massive concentration of economic wealth and income into few hands, and acute deprivation and extreme poverty for the majority, on the other hand. The whole society is now polarized along two lines- the top 20 percent of people who, guided by their narrow philosophy of personal aggrandizement, control economic and political decision-making process of the country, and the majority 80 percent who succumb to the domination of the top 20 percent of people. This is not, however, without any political repercussions. The

implementation of economic reforms very often encountered strong political and social reactions- labor protest and unrest, peasants' displeasure, opposition by professional groups and so on. The political dimensions of market-oriented economic reforms are analyzed in the next chapter.

Note

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Chapter 5: Societal Responses to Economic Reforms: The Political Dimensions*

5.1 Introduction:

The economic disparities and associated social costs, discussed in the previous chapter, rocked the political environment in Bangladesh in the 1980s and 1990s. Political protest movements and demonstrations against pro-market reforms were so widespread that they became a daily feature of national life. Referring to the volatile political environment in Dhaka, the capital city of Bangladesh, Clare Humphrey, while conducting a USAID (United States Agency for International Development) commissioned study on privatization in Bangladesh, wrote in 1992: "Strikes are automatically called whenever a public enterprise is even rumored as a potential candidate of privatization. Several union-sponsored Disinvestment Resistance Committees sprang up over the proposed privatization of Rupali Bank in early 1987. Small demonstrations are almost a daily occurrence in the central commercial district of Dhaka. Citywide and countrywide strikes are in vogue" (Hamphrey, 1992:83).

The most formidable resistance to market-oriented reforms came from organized industrial labor in the urban sector whereas resistance to reform policies in the unorganized rural areas was at a minimum. The industrial labor-led urban resistance, however, floundered at times and could not be sustained due to a host of factors endemic to labor movements in Bangladesh. Organizational weaknesses, the dominance of the ruling party-affiliated trade unions, the diminishing influence of the leftist parties, divisive ideological positions, and the lack of commitments on the part of trade union leaders led to continuous compromises between labor and the industrial-business community. Resistance to neoliberal economic

reforms was thus waned, gradually paving the way for the dominance of capital.

This chapter extensively analyzes the political reactions and the emerging pattern of popular resistance to pro-market economic reforms in Bangladesh in the decades of the 1980s and 1990s. It attempts to map out the road to resistance movements, the underlying causes that spurred labor resistance to reforms and the successes, if any, and failures the movements have achieved or recorded both in the organized urban sector and the disorganized rural areas.

5.2 The Road to Resistance Movements

Societal responses to pro-market reforms in the developing world have rarely been friendly; the reactions are often sharp and violent. The experiences of reforms accompanied by political flare-ups in Bangladesh and other South Asian countries strongly validate this point. There are two specific factors leading to this particular development. In the first place, reforms are imposed by the ruling elites; they are not negotiated outcomes between different social groups and concerned governments. The governments that implement economic reforms rarely think it necessary to engage the societal groups in dialogue over reform policies and thus strike out a balanced approach. Particularly, the groups that are affected most are often bypassed in the name of promoting competitive market structures and efficiency in the allocation of national resources (Haggard and Webb, 1994; Onis, 1995). This is particularly true of Bangladesh where reform policies were initiated and largely implemented by undemocratic and authoritarian military regimes from the mid-1970s to the end of 1980s. There was no dialogue between the regimes and different societal groups or even media discussions on the course of reforms and possible

consequences. The situation did not improve much even under the democratic governments in the 1990s. The lack of a democratic culture eventually led to a face-off over reform policies between the affected groups on the one hand and the governments and the business-industrial community on the other.

The second important factor was the indifference to or unwillingness of government leaders to make re-distributive interventions in the implementation process of economic reforms. This is largely due to the class character of the ruling parties; the development model in operation might also be held responsible for it. The neoliberal development model is biased to and obsessed with the idea of so-called 'perfect market' which does not exist in the real world and takes a blind position regarding distributional justice. This model is less concerned about poverty or growing economic disparities but favors growth at any social costs. The industrial and agricultural wage laborers and other vulnerable social groups are completely left out, as their social security issues rarely figure in the neoliberal project.

Of late, the World Bank and the IMF are emphasizing the necessity for introducing comprehensive social safety nets to mitigate the adverse impacts of reforms but, particularly in Bangladesh, the poor and vulnerable groups are not the major beneficiaries of social safety measures. Funded by different United Nations agencies, including the Food and Agricultural Agency (FAO), the United Nations Development Programs (UNDP) and the USAID, the social safety net programs like 'food for work', 'vulnerable group development and road maintenance program' covered only one-fifth of the extremely poor in Bangladesh up until the early 1990s. About 25 percent of the social safety measures directly benefited the non-poor (Farid, 1993: 190-191). This state of

economic and social conditions directly and indirectly pushed the working class, the rural and urban poor and other vulnerable groups to voice their concerns and resist pro-market reforms that put their survival at risk. However, a brief note on the divergent positions of various societal groups on economic reforms is necessary to understand the complex dynamics of resistance to market-oriented reforms in Bangladesh.

5.3 Different Social Groups and their Positions on Economic Reforms

Economic reforms, particularly deregulation and privatization of state-owned enterprises (SOEs), enjoy the least social support in Bangladesh. Almost all social classes and groups, excluding the business and industrial class, are expressly opposed to privatization and decry the capitalist model of development. This may be largely because of the long history of exploitation under the British and Pakistani capitalist classes, and is rooted in egalitarian social values many Bangladeshis cherish and would like to see flourish in their society. Contrary to the pro-market mood currently prevailing throughout the world, there is an anti-market national sentiment in Bangladesh. The majority of Bangladeshis prefer an economic system wedded to social justice and economic equality between citizens. According to a survey conducted at the end of the 1980s, the idea of an Islamic economic system, which emphasizes Islamic values in the conduct of business and upholds distributional justice, enjoys an overwhelming support among the middle class households (approximately 50 percent of the respondents), the working class (66 percent) and government employees (23 percent). Support for a socialist economy comes up next to the Islamic economic system while preference for a capitalist system has a marginal support of 5 to 7 percent in all three groups (Siddiqui et al, 1990: 169-170).

The opposition to pro-market economic reforms largely stems from the social outlook and the degree of opposition varies among different social groups. The left-leaning academics see reforms as a way of creating a new exploitative class with the blessings of the bilateral and multilateral donors and institutions. They view reforms as an unfolding process where the state actively supports the rich to get richer and leaves the poor to become poorer. As its consequence, the whole society is being polarized along two clearly drawn out lines- the 'haves' and the 'have-nots'. They cite the widening gaps in income and wealth distribution between the top and bottom strata of Bangladesh society to defend their contention (1). The leftist contempt for market-oriented development program, in fact, relates to historical experiences of exploitation by the trading and industrial classes during the British and Pakistan periods. After independence in 1971, the leftist social forces favored the implementation of a socialist development program. The business and industrial class was characterized as a "class of surplus extractors, social failures and opportunists" (Sobhan and Muzaffer, 1980: 67).

The bureaucrats, as a privileged group, also oppose the dismantling of the regulatory system to liberalize the economy. They, however, oppose economic reforms not because of humanitarian concerns or egalitarian social values but simply because of the fear of losing control over decision-making processes and other extractive benefits associated with their official status. The bureaucrats of the subcontinent- India, Pakistan and Bangladesh- enjoy high social status and are more accustomed to exercising control over the economy and society. This mind-set is a direct result of the long period of bureaucratic management of economic development in all three countries. It is no surprise that the initial opposition to economic reforms came from the bureaucrats who were less prepared to relinquish control over their traditional domains of foreign

exchange allocation, import trade, investment and marketing decision-making (vide Pasha, 1999: 239-243; Muhith, 1993: 257-258). A section of Bangladeshi bureaucrats, when Shafiul Azam was the Minister of Commerce and Industries under General H.M. Ershad during the early 1980s, was in favor of implementing reforms in the industrial sector but after the Minister quit the government on health grounds in mid-1984 the opposing bureaucrats gained the upper hand and slowed down the pace of industrial reforms (Hamphrey, 1992: 74).

The positions of political parties on economic reforms are sharply divided along ideological lines. The two dominant political parties of the country--the Bangladesh Nationalist Party (BNP) and the Awami League-- favor the reform agenda wholeheartedly. The BNP, in particular, has had a historical alliance with the business and industrial community since the time it was floated by late President Ziaur Rahman in the late 1970s. The chief patrons of BNP were the traders and industrialists who substantially dominated the various central committees of the party and were elected as members of National Parliamen.. (see chapter 3). The same trends were visible again when the BNP came to power for a second term in 1991 under the leadership of Begum Khaleda Zia. Business dominance became a reality in BNP party apparatus and the government chose to implement reform policies that suited the interests of the business and industrial class.

Likewise, the Awami League, originally a petty bourgeois party, tilted towards the traders and industrialists by amending its party manifesto in the early 1990s. Still, party leaders continued to speak as if they represented the working class and other popular classes. At one stage in the 1980s, when the anti-Ershad movement was at its peak, Sheikh Hasina, the President of the Awami League, threatened to renationalize all privatized industries, but that was more a political ploy to win the support

of the laboring class. In fact, Hasina's Awami League was no less ready than the BNP to undertake the economic restructuring measures to engineer rapid economic growth. A senior trade union leader told this author that in 1994 Sheikh Hasina sent a confidential note to the IMF and the WB and other bilateral donors promising quick implementation of privatization process in Bangladesh. That note dispelled the suspicion of the donors about the Awami League's socialist overtones and the party had the blessings of the donor community to win the 1996 elections to the National Parliament (2).

The leftist political parties, because of their ideological convictions or anti-capitalist stance, strongly oppose the pro-market reforms. The left leaders, as a whole, see the current globalization wave as a new phase of imperialist expansion, a process of re-colonization of the developing world. Globalization, according to them, promotes the interests of the core capitalist countries, both economically and politically, and makes the rest of the world further dependent on them. They see it as a mechanism to shift the increasing crises from the centre to the periphery. The ostensible result of globalization has been the growth of a parasitic plundering class in the developing world, including Bangladesh. This class neither gets technology nor much expected investments from the capitalists in the centre but simply misappropriates state resources in the name of capital accumulation to boost industrial production. The net results are huge losses for the poor and the working class (3). The leftist reactions to economic reforms have had widespread repercussions in the industrial sector and the trade unions affiliated with the leftist parties were in the forefront of opposition to reform policies. But much progress could not be made due to factors this chapter elaborates below.

Exceptional enthusiasm for reforms has come from only one class- the businessmen and the industrialists. This class initially believed that economic reforms would bring new technologies and more investments would create new markets for their finished products. That original belief actually failed to see the light of the day and a section of big industrialists are now frustrated since their products are losing markets in the face of a massive inflow of finished foreign products. Some of them have already parted with industrial production and turned into the risk-free business of commission agents for foreign companies (4). Despite the massive implementation of reforms, foreign investors, instead of investing in the industrial sector which they perceive to be risky, preferred to invest with Grameen Bank (rural bank), BRAC (Bangladesh Rural Advancement Committee) and other non-governmental credit organizations where returns from investment are usually high. Yet the majority of the businessmen and industrialists continued to support reform policies that were in some ways congenial to their interests. Minor businesses and small scale industries were severely affected by pro-market reforms and they have vehemently opposed further reforms in the economy, but to no avail.

The enthusiasm of business and industrial elites for economic reforms in Bangladesh stands in sharp contrast to that of the Indian bourgeoisie, in particular. The established Indian businesses and industrialists were more suspicious of and hesitant to accept the reform policies initiated by the late Indian Prime Minister Rajiv Gandhi in the mid-1980s. The big Indian industrialists accept imported capital and technology but want trade barriers in place to prevent the entry of foreign finished goods that may shrink the domestic markets of one billion people for their own products. They are more eager to preserve the protective measures extended by the state during the import-substitution industrialization phase. Joint ventures

are welcome but not the multinationals who might challenge the local industrialists and destabilize the balance of industrial power (Dutt, 1997: 326-328). One wonders why the less developed Bangladeshi bourgeoisie were more eager to step on the road to comprehensive economic reforms.

The contrast between the Bangladeshi and Indian established business houses may be due to the historical pattern of development of the bourgeois classes in these two countries. Whereas the Indian bourgeoisie emerged as a well-developed class by 1947, the year India won independence from British colonial rule, the Bangladeshi bourgeoisie is only a development of the 1960s and was less exposed to varied industrial experiences. Moreover, the Bengal Muslims are historically traders, not industrialists, and in the process they have developed a mind-set to make easy money. Decamping with loan money and plundering the resources of privatized mills and factories are obvious manifestations of this historical pattern of development. Since economic reforms, particularly privatization and deregulation program, promised an opportunity for easy wealth and powers a substantial section of them was quick to capitalize on it.

5.4 The Industrial Workers and Resistance to Economic Reforms

Industrial labor in Bangladesh is often portrayed as volatile and violent and less disposed to structural economic changes. Labor resistance, indeed, increased in the 1980s when massive structural changes were taking place in the industrial sector. The resistance was largely the consequence of the fear of job loss and uncertainty associated with privatization of public sector mills and factories. That made the working class turn almost a deaf ear to the promise of more jobs and increased income under a vibrant private sector economy. That fear was not baseless, since industrial labor was historically mistreated and exploited in

Bangladesh. The lack of social security for the working class was another factor that prompted industrial workers to block the road to reforms.

The Historical Background

Historically speaking, the current industrial work force is only the second or third generation of industrial workers in Bangladesh. When India was partitioned in 1947 the then East Pakistan had no noteworthy industrial units, not even a single jute mill, although it was the largest supplier of raw jute in the world market. A good number of large-scale jute, sugar and cotton textile industries was established in the 1950s and 1960s by Karachi-based industrial entrepreneurs. A few Bengali entrepreneurs entered the field subsequently. The Pakistani State actively aided the entrepreneurs by extending direct support and patronage, while suppressing the workers through the enactment of various anti-labor laws. The Essential Services Maintenance Act, promulgated in 1952, prohibited trade unions and declared work stoppage or absence from work a punishable offence. The law equally applied to both industries and services essential to the community. It was only in 1969 that the government allowed the industrial workers to form trade unions at the plant level. The Industrial Relations Ordinance of 1969 recognized workers' rights to create and join associations of their own choice, elect collective bargaining agents and determine the procedures to resolve labor disputes, including the right to strike and lockouts (ILO, 1991: 15-18).

The general anti-labor position of the Pakistani ruling elites was partly owing to the Muslim League's lack of connections to any labor fronts during its movement for an independent Pakistan and partly to the lack of firm ideological convictions. Persuaded by American advisors, the Pakistani rulers adopted a development strategy that recognized

"functional inequality" in the development process where concerns for the working class surfaced less (Candland, 2003: 2-5).

Needless to say, the anti-labor position of the Pakistani State encouraged the industrial elites to resist the demands of the working class for job security, wages commensurate with living costs and other social security provisions. Especially in then-East Pakistan where the majority industrialists were west Pakistanis and anti-West Pakistani sentiments were running high, Bengali workers gradually became militant and started to protest the anti-labor attitudes and policies of the industrialists and the government. The obvious outcomes were prolonged strikes, lockouts and pitched battles between workers and security forces (Ahmed, 1978: 31-49).

After independence the Awami League government attempted to control labor militancy through constitutional as well as economic measures. The workers had played a prominent role in the 1971 War of Independence and the political leaders were apparently sensitive to the legitimate demands of the working class. The Bangladesh Constitution of 1972 declared the building of "an exploitation-free society and emancipation of the toiling masses from all forms of exploitation" as a basic objective of the state, and the First Five Year Plan (1973-78) was drawn up setting forth that objective in broader socio-economic and political contexts (see Islam, 1977: 21-39). At the same time, the government adopted a carrot-and-stick policy to curb trade union activities. Presidential Order No. 55, promulgated in May 1972, banned all strikes and lockouts in nationalized industries. Similarly, the labor policy of the government, announced in September the same year, attempted to restrict labor rights to strike and collective bargaining in the public sector mills and factories (Islam, 1983:

166-67). The Awami League, therefore, dealt with labor in two ways: simultaneous recognition and repression.

The Awami League government, however, tried to compensate the withdrawal of rights to strike and collective bargaining by satisfactory wage rates. The Industrial Workers' Wages Commission, constituted in 1972, recommended that all workers in the public sector industries be put under a uniform wage structure and that workers should receive additional fringe benefits. The government legislated the 'State-owned Manufacturing Industries Workers' (Terms and Conditions of Service) Act in 1973 to implement the recommendations of the Wages Commission. A second wage commission was constituted in April 1977 after the overthrow of the Awami League government in August 1975 to revise the uniform wage structure. The new government emphasized wage rates 'commensurate with the modalities of piece rate versus working time' (ILO, 1991: 22). A series of wage commissions have subsequently been established in the 1980s and 1990s to revise wage structures as demanded by the industrial workers.

Workers' Social Security

The social security provisions for the working class are almost non-existent in Bangladesh and whatever security exists is the bare minimum compared to other countries in the South Asian region. The state of Bangladesh still clings to a few social security laws legislated by the colonial British government in the 1930s and 1940s and the Pakistani government in the 1960s. The British government passed the Trade Union Act in 1926 granting workers the rights to unionize at the plant level, introduced the Workers Compensation Act in 1932 and issued the Maternity Benefits Act in 1939. The Compensation Act, amended in 1957

and 1980, provides workers in the urban industrial sector package benefits including injury at work, sickness, death survivors' benefits and disablement pensions. The Maternity Benefits Act was meant for the female workers who were eligible for leave with full pay for six post-natal months (Anderson, 1991: 132).

During the united Pakistan period the ruling elites did not undertake any special social security measures for the workers but enacted a few laws that sought to improve the working environment and procedures of work in the mills and factories. The government passed Factories Act 1965, Employment of Labor (Standing Orders) Act 1965, the Shops and Establishment Act 1965, Road Transport Workers' Ordinance 1961 and Water Transport (Regulation of Employment) Act 1965 (ILO, 1991: 15).

The Employment of Labor (Standing Orders) Act 1965 was rather repressive as it provided the procedures under which workers could be dismissed or removed from service by the employers. The termination procedures could be interpreted in different ways but the employers were in an advantageous position to use the procedures against the employees. The Factories Act 1965, on the other hand, dealt with accident prevention and safety measures for the workers. It provided for adequate lighting and ventilation in the working environment and attempted to ensure welfare measures such as leave with wages, rest and recreation. The Employees Social Insurance Ordinance of 1962 that provided benefits for sickness, work injury and death was implemented in West Pakistan while East Pakistan remained out of its purview. The Companies Profits (Workers' Participation) Act, enforced in 1968, was implemented on an all-Pakistan basis but it applied to firms or factories with one hundred or more workers. Workers in such factories with a capital of Tk. 2 million were

eligible to receive 2.5 percent of the profits made by each factory (Anderson, 1991: 132-133).

The social security provisions for workers in independent Bangladesh remain as poor as they were during the Pakistan days. The government of late President Ziaur Rahman amended the Workers' Compensation Act of 1932 for the first time in 1980 to streamline workers' compensation with the economic needs of the time. In 1985 the military administration of H.M. Ershad amended the 1968 Companies Profits (Workers' Participation) Act and raised the rate of profit sharing to 5 percent. This is rather insignificant when compared with India's commendable progress on the workers' social security front (Anderson, 1991: 132).

The International Labor Organization (ILO) issued the guidelines for minimum social security of workers in the developing countries in 1952. India enacted the Employees State Insurance Act in 1948, four years before the ILO came up with the guidelines. The Act provided for compulsory insurance in the areas of health, maternity and accident benefits. In a quick succession India also enacted the Coal Mines Provident Fund and Bonus Scheme Act in 1948 and the Employees Provident Fund Act in 1952. Legislation relating to workers' provident fund exists in Bangladesh but glaring negligence is visible in the health, sickness and accident-related benefits areas. The National Labor Law Commission, constituted in July 1992, in its June 1994 report to the government recommended death benefits for workers' survivors and the creation of private sector retirement funds but the progress achieved on these recommendations is not known (U.S. Department of Commerce, 1999: 6-7).

In addition to the negligible social security measures currently existing in Bangladesh, the workers are often denied the basic rights to collective bargaining. The two military regimes of General Ziaur Rahman and General H.M. Ershad severely curbed trade union rights and restricted workers' rights to strike and lockouts. The workers in Bangladesh have a long tradition of democratic struggle for rights since the Pakistan days and the imposition of martial laws that banned trade union movements in independent Bangladesh from time to time highly agitated the workers. This was the objective situation prevailing in the country when the government declared the 1982 New Industrial Policy that chalked out an elaborate plan to privatize public sector industries. But industrial workers, fearing massive job losses, and seeing an insignificant social security system and lack of alternative opportunities for employment, were suspicious of privatization plan. The opposition the workers subsequently put up to privatization turned from street demonstrations to violent activities, including lockouts, disruptions in productions and detention of management (Humphrey, 1992: 83).

At this stage, it is necessary to briefly highlight the dominant characteristic features of the trade unions movement in Bangladesh. The basic attributes of labor can be said to determine its movement against privatization, the emerging trends in the movements and the extent of success or failure the movement records in the course of its development. To begin with, industrial labor in Bangladesh is characterized by an ever-growing organizational multiplicity. By the late 1990s there were some 700 trade union federations representing diverse ideological positions and pursuits (a federation of trade unions has at least two trade unions affiliated with it) (Rahman and Bakht, 1997: 107). The industrial sector of Bangladesh may be small and less diversified than other vibrant economies of Asia but the mushroom growth of trade union federations indicates that a significant

portion of workers prefer to get involved in unions and associations. Out of 5.6 million workers in the manufacturing and non-manufacturing industrial units 1.6 million workers are members of different trade unions (The World Bank, 1994: 45).

Secondly, the workers are highly politicized. Almost all trade union federations are affiliated with political parties. The biggest trade union federations happen to be the labor fronts of the three biggest political parties of the country: the BNP, the Awami League and the Jatiya Party (National Party). The labor fronts of these three big political parties represent some 64 percent of the unionized workers in the industrial sector (Rahman and Bakht, 1997: 107). In some cases, some labor leaders also happen to be political leaders at the district or national levels. The top leadership of the political parties appoints labor leaders either from within the working class or from the rank and file of the parties with which the trade unions are affiliated. In either case, the appointed labor leaders remain loyal to the parent political parties.

Thirdly, the labor movement is dominated by the pro-nationalist labor fronts of the three big political parties. In the years before and following independence in 1971, the industrial laborers were more affiliated with the radical left political parties- the National Awami Party, *Jatiya Samajtantrick Dal* (National Socialist Party), the Bangladesh Communist Party, the Bangladesh Workers Party and so on. The radical left unity, however, gradually broke down due to differences between communist leaders over the long persisting Sino-Soviet ideological rift and the tactics to be followed in the national context. The fragmentation of the left political parties and radical trade unions frustrated the general workers who later on turned to the nationalist trade unions that had the blessings of the ruling party of the day. The rising trend in membership of pro-

nationalist trade unions overshadowed the radical trade unions and forced them to take a back seat in labor politics.

According to the U.S. Department of Commerce statistics (1999: 7), in the mid-1990s, the pro-BNP Bangladesh *Jatiyatabadi Sramik Dal* (Bangladesh Nationalist Workers' Party) had a membership of 160,000 to 225,000 workers, the pro-National Party *Jatiya Sramik Party* (National Workers' Party) had 100,000 members and the *Jatiya Sramik League* (National Workers' League), a pro-Awami League trade union, had a membership of 58,000 workers. The Trade Union Center, an affiliate of the Communist Party of Bangladesh and the largest of the radical trade unions, had only 25,000 workers as its members. The influence of the radical trade unions diminished with the decreasing trend in their membership.

Despite diverse origins and multiplicity, the trade unions were opposed to the privatization program on a par. Attempts were made to face the program from a common platform. Workers were forced to unite and launch a collective movement when their initial fear of job loss and retrenchment came out true in the wake of the earlier rounds of privatization. The provision that the new owners of privatized mills and factories would not retrench workers for at least one year was not honored. Many experienced workers were dismissed and they did not receive the accumulated gratuity money either. The new owners also failed to pay the workers the provident fund money accumulated prior to the divestiture (The World Bank, 1994: 50). Frustrations of workers were widespread and the possibility of further loss and a bleak future forced them to lay the foundation for a national level organization to halt privatization efforts.

Emergence of SKOP

The workers' opposition to the privatization program took a concrete shape in 1983 when they formed *Sramik Karmachari Oikaya Parishad* (SKOP- United Front of Workers and Employees). As a united labor platform of almost all trade union federations which are mostly affiliated to different political parties, the SKOP valiantly fought for the rights of the workers and was initially successful in extracting benefits like wage increases and generous bonuses for the workers and employees. Throughout the 1980s, it was most vocal against the privatization program. In 1984 SKOP articulated the 5-point demand that called for an immediate halt to the privatization program and demanded re-nationalization of the hitherto privatized mills and companies. The demands were revised in 1988 but remained highly antithetical to the policy of privatization (The World Bank, 1994: 49). In the early 1990s the tone somewhat changed as it adopted new issues of collective bargaining. The introduction of a national minimum wage equally applicable to workers both in the public and private sectors and a proactive role in policies that affect employment and industrial relations were new issues that dominated the SKOP agenda. The SKOP leaders demanded that trade unions be consulted on all issues relating to privatization and contraction of employment (Rahman, 1994: 57-58).

There was a shift in SKOP's position from outright opposition in the 1980s to gradual acceptance of privatization in the 1990s. Although the SKOP leaders publicly opposed privatization, in reality, they adopted a pragmatic position on retrenchment of workers and consistently loss-making public sector industries. They identified managerial inefficiency and wrong investment decisions as the causes of consistent losses by the public sector industries (this in effect justified privatization) and

demanded that the government should address the problems of the industrial sector properly. The SKOP leaders were not opposed to trade liberalization but wanted protective measures to be taken to save local industries from the onslaught of less expensive and highly competitive foreign products (Rahman, 1994: 59-60).

The shifting positions of SKOP on issues of privatization and trade liberalization gradually made it less militant against and more responsive to negotiations with the government. During 1991-93, a series of negotiations took place between SKOP and the government which resulted in the signing of five major agreements. The agreements were marked by some non-material achievements like the formation of the National Wage and Productivity Commission in 1992 and the National Labor Laws Reform Commission in the same year (Rahman, 1994: 58).

In terms of material benefits for the workers, the success of SKOP was not very significant. Its demand for a national minimum wage involving both private and public sector workers was rejected by the government as well as the private sector entrepreneurs. It was, however, able to record some achievements on sectoral minimum wages. In 1992 SKOP demanded Tk. 1,000 as minimum wage for public sector industrial workers and mounted nationwide transport blockades, demonstrations and general strikes to realize the demand. The government, in response, constituted the National Wage Commission in 1992 and directed it to come up with recommendations for a public sector minimum wage. An influential member of the wage Commission disclosed to this author that the Commission, considering the rising living costs in the country, recommended TK. 1850 plus benefits as the minimum monthly wage for a public sector worker but the government arbitrarily fixed it at TK. 950 (5). Workers' reactions to the new fixation were sharp and they grudgingly

accepted it at best. This minimum wage did not apply to private sector industrial workers.

The responsibility of fixing a minimum wage for private sector workers and employees was left to the Minimum Wages Board, the counterpart of the National Wages and Productivity Commission. Originally formed in 1961, this Board consists of representatives from government, labor and management. SKOP demanded that the Minimum Wages Board recommend a minimum wage for private sector workers sooner than later. It may be mentioned that the private sector entrepreneurs label SKOP an extra-legal body and oppose minimum wage fixation on the ground that upward revision of wages depends on overall productivity and the margin of profitability. Unless productivity rises, minimum wage fixation will remain a difficult issue (Rahman, 1994: 61). The issues involved were complex and negotiations went on continuously. It took almost seven years for the government to wind up the negotiations and in July 2001 the Ministry of Labor and Employment declared TK. 1,200 as the minimum monthly wage for a private sector worker. The SKOP leaders, in the mean time, intensified their campaign for a minimum national wage. The efforts culminated in the signing of two agreements between SKOP and the government in January 1998 and July 1999 that pledge-bound the government to declare and codify a national minimum wage for workers and employees in the public and private sectors as a whole. This objective, however, still remains unrealized.

The government, on the other hand, came up with carefully designed policies that largely circumscribed the effectiveness of SKOP as a national association of workers and employees. The voluntary departure scheme (VDS), announced by the government in the late 1980s, offered attractive financial benefits for workers who were ready to accept voluntary

retirement. Under VDS, a public sector worker with 30 years service was entitled to receive a gratuity equal to 5 years pay. The worker would also receive other benefits payable under service rules. The response of workers to VDS was highly positive. According to a World Bank (1994: 50) estimate, a large number of workers, some 9000, of the Bangladesh Jute Mills Corporation (BJMC) preferred to go into voluntary retirement by the end of 1993. In addition to VDS, the government also promised to train the retired workers to help develop marketable skills that would help them to get new employment. The Jute Retraining Scheme, set up by the government in the early 1990s, is helping affected workers of BJMC. But such retraining initiative was not extended to workers in other industrial areas like cotton textile mills (Kashem et al, 2000: 56).

Has SKOP Failed?

SKOP, as the national platform of workers and employees, has a record of both success and failure. It has played an instrumental role to press hard for minimum wages for workers consistent with the rising living costs in the urban areas. But apart from the realization of minimum wages for the public and private sectors' workers, its performance on the resistance to privatization front is poor and often frustrating. The private sector has largely taken over the public sector that once comprised more than 90 percent of industries, banks and insurance companies under government control. There are grievances that SKOP's role against privatization move in the 1990s was passive and sometimes mysterious. The important question is: why did SKOP fail to mount a formidable challenge to privatization efforts of the government? This question merits special importance since labor unity in neighboring India was successful in withstanding the pressures of privatization (6). The reasons for SKOP's failure to build up effective resistance are explored in the following pages.

It may be mentioned that SKOP emerged in a political environment dominated by anti-autocratic movement against the military regime of H.M. Ershad. By pursuing parallel programs it followed the lead of parent political parties to oust the military dictator, thereby compromising its independent programs to exclusively fight for the rights of the working class and employees. There was hardly any difference between SKOP as a labor organization and SKOP as a political front. When the Ershad regime was toppled in December 1990, SKOP was not able to field candidates for the 1991 elections to the National Parliament. Its unity loosened and the leaders were busy working for their parent political parties. The result was the nearly complete absence of labor leaders in the National Parliament who could speak for the protection and promotion of workers' rights and interests. Unlike India where labor has a special representation in the *Lok Sobha* (Lower House of the Indian Parliament), the trade union leaders in Bangladesh are always sidelined by the politicians. Whereas labor occupies around 10 percent of the seats in the *Lok Sobha* and political parties take pains to draft trade union leaders as possible candidates for parliamentary elections (Mathur, 1993), there is no such parallel development in Bangladesh. It may be mentioned that V. V. Giri, the late President of India, was once a trade union leader.

The linkage between trade union federations and political parties effectively ate into the vitality of SKOP as a collective form of opposition to privatization. The direct impact of linkage is that whenever the major political parties differed on political issues, the trade unions affiliated with them followed suit. Trade union leaders are appointees of top political leadership and they cannot take stands against their own political party. Positions along political party lines seriously divided the SKOP in the decades of 1980s and 1990s. As its consequence, occasional frictions,

conflicts and clashes flared up between rival trade unions, damaging labor unity and undermining the possibility of a united anti-privatization movement.

There is always a contradiction between the liberal political parties and their labor fronts. While the political parties support globalization and structural reforms, their labor fronts oppose it. This contradiction, however, did not surface much because of the control of the political parties over their respective trade unions. SKOP includes the labor fronts of the BNP and the Awami League- the two parties that have consecutively formed governments in the 1990s. The dominance of the ruling party's labor front has always been a major factor in the trade union movement. It discouraged the development of a strong organizational network to steer ahead the movement against economic reforms. A prominent leftist leader, in an interview with this author, pointed out that it was impossible to build up resistance to pro-market reforms while working with the ruling party's labor front (7).

The lack of dedicated leaders and strong commitments to the cause of the workers was another factor that greatly derailed SKOP from its original objective of resisting pro-market reforms. A few *left* political and trade union leaders particularly allege that many trade union leaders, particularly from the *Jatiyatabadi Sramik Dal* and the *Sramik League*, respectively affiliated with the BNP and the Awami League, pay only lip service to the labor movement and do not support it seriously. They are often bought over by the government and bribed from time to time to keep labor agitation under control. The Bangladesh Institute of Labor Studies (BILS), established in 1995, is construed to have played an invisible role to bribe the trade union leaders, although BILS's declared objective is to

promote unity and consolidate the strength of the trade union movement (8).

Last but not least, there were no initiatives to create a broad-based social coalition to fight pro-market reforms from a united platform of workers, peasants and other civil society groups. "A social coalition", according to an influential labor leader, "may be treated as a platform for social revolution. We are not ready for that stage" (9). Because of divergent interests, other social groups either avoided alignment with the working class or did not think it appropriate to roll back the reform process. Another respected leftist politician pointed out that the print and electronic media were quite indifferent to the cause of the working class and showed little sympathy for anti-globalization movement. Although there are few left-leaning weekly news magazines published from Dhaka and other major cities, their readership is rather limited.The SKOP had to play the role of a lone ranger (10).

The Left Democratic Front and Resistance to Reform Policies

The leftist political and trade union leaders played a crucial role to form SKOP but they were not happy with the performance of this national level labor organization. Frustration with SKOP led them to unite the leftist forces and initiate a unified movement to safeguard workers' interests. The polarization of left forces resulted in the creation of the Left Democratic Front (LDF) in 1994. An alliance of 11 leftwing political parties, the LDF criticized the bourgeois social structure as the prime cause of the economic backwardness of the country and argued that the World Bank-IMF political and economic dictation promotes misery of the popular masses. The LDF, in particular, identified the rush to a free market economy as the cause of a deepening crisis in the national

economy and vowed to resist economic reforms that fill up the coffers of the plundering rich class (LDF Manifesto, 1994).

It is difficult to say to what extent the proclaimed objectives of LDF have been achieved but one thing is abundantly clear: the promised stiff resistance to pro-market reforms did not take place. There are both organizational weaknesses and ideological differences that instead of promoting unity, breed disunity and disharmony between the left forces. The obvious results are fragmentation, weakness and incapacity to mobilize the working class along broad-based social objectives. Since its creation in 1994, the LDF leaders are still unable to design the organizational structure of the alliance and give it a grass-roots dimension. The constituent members of the LDF prefer to draw and carry out programs on individual party lines. No minimum consensus exists on how to proceed to develop grass-roots consciousness and unity among the workers and peasants to wage the battle for social transformation (11).

Simmering ideological differences also exist on strategic and tactical lines. Some left parties, particularly the Communist Party of Bangladesh (CPB), take the position that social change is possible only when the communists are able to capture state power and they support electoral participation in the bourgeois political process to achieve that end while others find this position a deviation from communist convictions. The *Jatiya Gano Front* (National People's Front) and like-minded parties, on the other hand, think it more appropriate to prepare the workers and peasants for social revolution as a way to capture state power. It does not make sense, the chief coordinator of *Jatiya Gano Front* opines, to capture state power while keeping the social structure in its current form. Such ideological differences obstructed efforts by the LDF to become a unified political movement of the left and make it an alternative political platform. At one

stage, there was some discussion about a united labor front of the leftwing parties. The CPB, the Bangladesh Workers' Party and *Bangladesh Samajtantrick Dal* (Khalequzzaman) (Bangladesh Socialist Party) expressed keen interest in the idea but due to both intra and inter-party dissension about a SKOP-like left labor front the idea died out (12).

Apart from organizational weaknesses and ideological disarray, the left leaders in general lack a political agenda that articulates their social concerns and a well thought-out action plan. They currently share such concerns as human rights, women's empowerment and democracy which are the traditional domains of the centrist political parties, gender activists and the non-governmental organizations (NGOs). But actions on all these concerns rarely translate into the development of an alternative political agenda (Sobhan, 2002: 5). There may be some programs but no well-conceived plan to implement the programs. Much explanation of the fragmented nature of resistance and disarticulated attempts of the left parties to resist pro-market reforms in Bangladesh can be found here.

5.5 The Peasantry and Resistance to Economic Reforms

Unlike the organized industrial sector, resistance to market-oriented reforms in the rural sector remains mostly dormant. The mass of peasants are dissatisfied with and angered by the way the government has implemented sweeping agricultural reforms. They are most affected by the withdrawal of subsidies on agricultural inputs and irrigation equipment but their looming dissatisfaction has rarely turned violent in the decades of the 1980s and 1990s. The apparent reasons for the absence of organized resistance to agricultural reforms are cited as the weakness of the peasantry as a pressure group or lack of an effective farmer lobby, the geographical dispersion of the farmers across the country and associated

difficulties to organize them, diverse ideological orientations and a poor resource base (Abdullah and Shahabuddin, 1997: 67-73). These reasons might have contributed to making the peasants less effective but they in no way imply that rural resistance to reform policies does not exist. There is resistance but not as violent and organized as in the urban industrial sector.

Occasionally, the poor peasants have openly protested the consequences of agricultural reforms but the protest movements were suppressed brutally by the government. The progressive rise in fertilizer prices since 1991 and the marketing of adulterated agricultural inputs (mainly fertilizer and pesticides) made the peasants come out on the streets and protest the price rise. In 1995 police opened fire on a peasants' peaceful demonstration in Dinajpur District in the northern part of Bangladesh which resulted in the death of 18 peasants. The opposition political parties reacted sharply to the killings but did not mobilize a strong peasant movement across the country to protect the interest of the peasant community. The poor peasantry, as an unorganized group, found itself alone on the road and failed to steer towards a national movement to make their voice heard.

Peasants' protest movements against pro-market agricultural reforms are not confined to Bangladesh alone; they are found elsewhere in the developing as well as the developed world. The Brazilian peasantry's protest against globalization has been met with massacres of 19 landless poor peasants in April 1996. These led to the creation of the 'Via Campesina'- an international movement of peasants and small farmers' organizations. Peasants and small farmers are equally vocal against pro-market agricultural policies in the developed world. In the Netherlands, for example, where some 4,000 small farms disappear every year, the farmers

are joining efforts to bring about changes in the current agricultural model (Resistance is Fertile!, 2002: 1).

Perhaps India remains the best example where peasants and small farmers' movements against globalization have achieved some degree of success. The grass-roots action groups in India- small and marginalized farmers and other depressed social groups- formed the National Alliance for People's Movement (NAPM) to campaign against reform policies. NAPM's struggle for three objectives-- to stop further social and economic marginalization, degradation of labor, and environmental destruction-- was largely successful, as it was able to force the state governments and the multinational corporations to abandon a few mega-projects, including the Narmada River Project designed by the World Bank (Pasha, 1999: 243).

There are no comparable grass-roots movements against globalization in Bangladesh. There exist no mega-projects either that could provide fertile ground for a mass movement. The Bangladeshi rural people are affected but they are not mobilizing support to halt the reform process. Except for a few sporadic protest movements by the landless people, the absence of mass-oriented movements against agricultural reforms at the national level can be attributed to two sets of reasons: the dynamics of rural social and economic structure, and the situational deficiencies- factors that obstruct unity among the rural people and leave them in a state of disarray.

Dynamics of Rural Social and Economic Structure

Historically, rural Bangladesh has been a vast sea of poor people. About 85 percent of the total population of Bangladesh live in the rural areas and directly or indirectly depend on agriculture for their livelihood. According

to the Labor Force Survey of 1995/96, the total number of rural households stands at 13.82 millions. A vast number of the households, about 63.2 percent, are agricultural labor households. The most staggering problem, especially after independence, has been a continuous rise in the percentage of landless people. In 1960 there were 2.10 million landless households in rural Bangladesh but by 1983/84 that figure swelled to 3.77 million. The Census of Agriculture, 1983/84 estimated that 48.88 percent of people was functionally landless (having less than 0.50 acre of land). Thereafter, in the next 15 years the percentage of functionally landless people reached an alarming stage and increased by 2.42 percent per annum between 1983/84 and 1995/96. The landless and marginal farmers (having up to one acre of land) together constituted 72 percent of rural population in 1996. In 1984 this group together constituted some 63 percent (Saha, 2001: 74-75). The rising trend in the percentage share of the functionally landless and marginal farmers indicates that a process of creeping but destructive marginalization taking place in rural Bangladesh.

At the other end of the spectrum are the rich and surplus farmers. This group exercises huge control over land ownership and act as the guardians of the rural people. According to the 1983/84 Agricultural Census, some 24.72 percent of households owned 42.67 percent of the total agricultural land of Bangladesh. And a small percentage of people (4.94%) having 7.5 acres of land or more controlled 25.64 percent of agricultural land. The percentage of big landowners is observed to have declined by the mid-1990s. By 1996 the figure of landowning people at the upper end decreased from 4.94 percent to 2.53 percent and the control over land ownership came down from 25.64 percent to 17.48 percent. The rich and surplus farmers' group (having control over 2.50 to 7.50 acres of land), as a whole, constitutes 17.61 percent of rural households and control 39.41 percent of land (Saha, 2001: 76 see Table III).

The rich and surplus farmers establish their control over rural life through a variety of methods. They may refuse to sign lease contracts with the sharecroppers, who, according to the 1996 agricultural census, cultivate some 62 percent of agricultural lands (Saha, 2001: 80), or scrap the already existing contracts. They may also may express unwillingness to extend loans to the marginal farmers who defy their command and have no access to institutional sources of agricultural credit. They may also frighten the functionally landless or marginal farmers with the threat of eviction. During the Permanent Settlement period the *Zamindar* class earned notoriety for applying such methods against their *ryots* but their departure from the scene in 1951 did not put an end to this infamous process. The *Zamindars* were simply replaced by the rich and surplus farmers.

The control over land and the landless and marginal farmers brings the rich and surplus farmers the advantage of being at the apex of rural power structure. A series of studies conducted in the 1960s, 1970s and 1980s (see, for example, Rashiduzzaman, 1968; Wood, 1976; Arens and Beurden, 1979; BRAC, 1980; Hartman and Boyce, 1983; and Rahman, 1988) found that the rich dominated the Union Council (village level administrative unit) elections and other development committees. The presence of the vast majority of the landless, the marginal and small farmers is rarely noticeable on the Union Council boards or numerous cooperatives and rural development committees. The interests of the rich and surplus farmers, as a logical consequence, are protected more than that of the poor and small farmers. The economic and political powers, originating from land ownership and wealth, thus enable the rich to maintain control over rural life and quell any challenge to their social position.

The rich and surplus farmers are also a part of the national power structure. They are structurally aligned with the bureaucracy and the political elites. The major political parties, in order to expand their organizational base, usually pick up the wealthy people in the rural areas who can contribute money and supply manpower, particularly during the election period. Administrative elites have also the tendency to favor the rural rich. A significant portion of Bangladeshi bureaucrats has rural background and they are the sons and daughters of rich and surplus farmers. The poor and marginal farmers usually lack the resources to support their sons and daughters' education at college or university level that can make them competent for government jobs.

The relationship of the dominant and the dominated in rural Bangladesh, which Erik Jansen (1991: 49) characterizes as a 'patron-client relationship', is, however, changing gradually. Two particular factors may be mentioned here that have led to the erosion of the patron-client relationship in the 1980s and 1990s. The first factor is massive intervention by non-governmental organizations (NGOs) in the rural areas. The incapacity of the government to deliver the benefits of development to rural poor people and reduce poverty gave the NGOs a unique opportunity to devise and implement development programs in rural Bangladesh. In 1999 there were some 20,000 registered NGOs, local and foreign, operating in different rural areas. NGOs primarily extend micro-credit to the rural poor who do not have the collateral to obtain loans from institutional sources. Other activities of NGOs include skill training, education, health, family planning and sanitation services (The World Bank, 1999: 43). Atiur Rahman and Abu N.M. Wahid, in a study on the impact of Grameen Bank activities carried out in 1992, found that the availability of finance to the sharecroppers and wage laborers greatly

affected the power and influence of the landed elites. The Grameen Bank members, as organized groups, engaged in substantial off-farm income-generating activities, were less dependent on their traditional patrons and were less ready to follow the dictation of their masters during election times (Rahman and Wahid, 1992: 303-321).

The other factor that curtailed power of the rural rich is rural infrastructural development. Massive development of roads and communication systems in the 1990s has made it possible to connect almost all villages with district and *upazilla* (sub-district) towns and commercial centers. Now a poor man can earn enough money by driving a passenger van or using a pushcart to move goods from one place to another.

However, in a country where millions live in poverty, the operations of Grameen Bank and other development NGOs or infrastructural development can not eliminate the century old pattern of influence and dominance of the rich all of a sudden. Out of 13.82 million rural households, micro-credit programs of the four biggest NGOs in Bangladesh- Grameen Bank, BRAC (Bangladesh Rural Advancement Committee), Proshika, and ASA (Association for Social Advancement)- covered only 5.77 million by 1996 (The World Bank, 1999: 43). This indicates that the rural power structure is still biased in favor of the rich who, with a certain degree of control, shape the basic patterns of rural social and economic order.

The landless people are the only class that has defied the existing power structures to establish rights on *khasland* (land under no private ownership but legally belongs to the state). Reclaimed from riverbeds, *khasland* is mainly found in the southern part of Bangladesh. The Bangladesh Krishok

(farmers) Federation, established in 1976, was waging a long struggle to distribute the *khasland* among the landless people. A section of the rural rich and wealthy people was enjoying the *khasland* under illegal occupation. The Krishok Federation launched a strong movement in 1980 and occupied 4 *chars* (small chunk of land surrounded by waters) in Patuakhali district but was forced by government police to leave the *chars*. The continuous movement of the landless people, however, forced the government in 1987 to introduce laws favoring the distribution of *khasland* and *chars* among the landless people (Doli, 2000: 2).

The movement for *khasland* distribution intensified in the early 1990s. Ten thousand male and female peasants participated in a hunger strike in July 1991. Having failed to draw the attention of the government, thirty thousands peasants waged a heroic struggle against the local big land owners and illegal occupants and occupied 4 *chars* of 22 acres of *khasland* in Patuakhali district on January 1, 1992. The unity of the landless people eventually forced the government to recognize their rights and give them a lease for one year. In the years following the Patuakhali success, a total of 22 *chars* in the southern part of Bangladesh with an estimated 60,000 acres of *khasland* have been occupied and distributed among more than 100,000 landless people (Doli, 2000: 2-3).

Situational Deficiencies

The success story of landless people in southern Bangladesh was not replicated by the poor, landless and marginal farmers in other parts of the country. The apparent non-availability of *chars* and *khasland* and the absence of Krishok Federation-like associations explain the point. But it is difficult to understand why the small and marginal farmers, while being affected by the privatization of agricultural inputs and equipment, failed to

mobilize and organize protest movements as an expression of their rejection of agricultural reform policies. The present author gathered information about reforms from the members of peasantry in different areas of south-central and northwestern Bangladesh in February and March 2002 and discovered a host of factors that effectively discouraged the peasantry from organizing resistance movements. These factors are reproduced in the pages below.

Absence of peasants associations and organizations: Rural Bangladesh is characterized by a lack of organizations and leadership which can unite the peasants and articulate their grievances against wholesale reforms in agriculture. The peasants, as poor people, do not have the necessary funds to mobilize mass movements either. The big political parties have peasant fronts but rarely do any leaders of the peasant fronts come from the peasant class or live in the rural areas. The so-called peasant leaders are mainly urban-based; they keep aloof from rural problems and are naturally less concerned about the deteriorating rural economic and social conditions. The peasant fronts of left political parties are equally inactive. The left organizations that are generally thought to be more concerned with the problems of the deprived people, and are supposed to organize them for social change, do not exist organizationally in most of the areas I visited as part of my field research program. And in areas where they exist, the leftwing leaders are less interested in organizing the peasants to protest against state agricultural policies. Rather, they are perceived as engaged in robbery, extortion and threat of killings that create social anarchy (13).

Group conflicts and differences: Group conflicts and differences play a critical role in discouraging the peasants from getting organized and defending their interests. Although ethnically and religiously the peasants

are nearly homogeneous and speak one language- Bangla, still divergent opinions divide the peasantry and a lack of mutual trust characterizes their relations. Most of the peasants I interviewed are supporters of the two major political parties- the BNP and the Awami League, and in most cases the party preference has its obvious impact on local relations. Peasants of Rudrakhar Village of Palang Upzilla in Shariatpur district, south-central Bangladesh, particularly referred to the possibility of potential group conflicts that might emerge and divide them whenever any attempts to float a peasant association or organization are made (14). Such divides among peasants in other areas are also noticeable.

Threat of Punishment: Local protest movements or demonstrations against pro-market policies in agriculture also suffer the wrath of the beneficiaries of reforms. The traders or rich farmers usually get dealerships for distribution of agricultural inputs. The peasants complain that political connections do play a role in getting with dealerships and in most cases party loyalty is considered as the criterion of dealership distribution. The economic positions and political connections set the dealers free to create artificial crises and raise inputs prices from time to time. Whenever there is any protest movement against price hikes, the dealers employ local *mastans* (armed hoodlums) to suppress the protestors (15). The organizers of protest movements are communicated the threat of severe punishment privately and are silenced completely.

The state as an unfriendly agent: The peasants, in general, lack confidence in local leaders as well as the government. They view the state as an agent of the rich and wealthy class and find it unfriendly to the interests of the common man. A group of peasants with some educational background, who I had visited in Kumarkhali Thana under Kushtia District, were conscious of state policies towards agriculture and pointed

out that the poor peasantry of Bangladesh had no future unless the state became more committed to their interest (16). Indeed, except for a brief period after independence, the state of Bangladesh has pursued an urban-based industrial growth strategy to the detriment of agriculture, in general, and the peasantry, in particular. The development plans were exclusionary of rural people as budgetary allocations for agricultural development continued to register a progressive decline. For example, government expenditures for all sectors during the period 1975/78 to 1987/89 increased more than 5.7 times in monetary terms. The expenditures in agriculture, however, declined from about 26 percent in 1978/81 to about 14 percent in 1987/89. The expenditures declined despite agriculture employing more people than the industrial sector and still remaining the largest contributor to GDP (Roy, 1994: 8).

The implementation of reform policies in agriculture substantially increased the sufferings of the poor peasantry. The various governments in Dhaka, however, were less concerned about the sufferings and more determined to proceed with reforms. The agricultural reforms have been carried out smoothly and without any hindrance since the farmers are disorganized and are subjected to repression if opposition to reforms grows at all. The unfriendly attitudes of the state towards rural Bangladesh make the peasants passive and indifferent but there is no denying the fact that they are opposed to reform policies and constitute a quiet sea of dormant resistance to globalization.

5.6 Conclusion:

The discussion in this chapter has brought into focus that pro-market reforms enjoy little social support in Bangladesh, and that all social classes, except the business and industrial community, are opposed to

reform policies. However, the implementation of reforms has not produced any broad-based anti-reforms social coalition to date, albeit the majority of people are affected by the adverse impacts of reforms. Strong resistance sprang out of the industrial sector where laborers, faced with threats to their survival, had no choice other than resist the specter of economic reforms. The labor unity to resist industrial reforms initially proved successful but the emergence of a host of factors at the subsequent stage cut into labor unity and left the workers divided. Industrial resistance to pro-market reforms gradually became weak and fragmented.

Unlike the industrial sector, peasants' resistance to liberalization policies in agriculture has never been close to taking any concrete shape. The principal weakness of the poor peasantry is their subjugation to both national as well as rural power structures that work against their interests. The poor peasants and the marginal agricultural households are adversely affected by reforms, but as disorganized and also demoralized groups they are in no position to pool their strengths together and forge unity to push back the reform agenda. Rural resistance to pro-market reforms necessarily remains dormant but if organized may explode into violent outbursts.

Notes:

* A version of this chapter has been accepted for publication in Singh, M. P. and Veena Kukreja (eds.), Politics Within Nations: The South Asian Context (forthcoming).

1. The author's formal and informal discussions with academics at the University of Dhaka, Dhaka, Bangladesh during February and March, 2002.

2. Personal interview with Mr. Abul Bashar, President, *Jatiya Sramik* Federation (National Workers' Federation), April 8, 2002, in Dhaka, Bangladesh.

3. Personal interviews with Mujahidul Islam Salim, General Secretary, Communist Party of Bangladesh, and Mr. Rashed Khan Menon, President, Bangladesh Workers' Party, April 9, 2002, Dhaka.

4. Mr. Harun-ur Rashid Bhuiyan, Vice-president, Bangladesh United Sramik (Workers) Federation, pointed out that Mr. Lutfar Rahman, the Managing Director of W. Rahman Jute Mills left the mills in early 1990s to become the local agent of Nestle Bangladesh Ltd., a Dutch Multinational Corporation. The interview was taken on April 10, 2002 in Dhaka.

5. Dr. Abdul Hye Mondal, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS) and a member of the 1992 National Wage Commission. Personal interview on April 3, 2002, Dhaka.

6. Trade unions in India are structurally linked with political parties and influence party decision-making processes substantially. Many prominent politicians have special support for the working class. For example, India's first Prime Minister Jawaharlal Nehru was also the President of the All India Trade Union Congress for some time and many labor leaders were allocated central level portfolios. One trade unionist V.V. Giri was appointed federal Minister of Labor and then rose to become the President

of India. Such close connections between trade unions and political elites have always sought to protect the interests of the working class. When India embarked on pro-market reforms in the early 1990s labor agitation against reforms was a regular phenomenon and the central government decided to hold tripartite negotiations to manage industrial restructuring by sectors. The Prime Minister's Office is responsible for tripartite negotiations between labor, the industrial bourgeoisie and the government.

7. Personal interview with Mr. Tipu Biswas, Chief Coordinator, *Jatiya Gano Front* (National People's Front) in Dhaka on April 9, 2002.

8. The author obtained this information from Mr. Abul Bashar, President, *Jatiya Sramik* Federation (National Workers' Federation) and Mr. Nirmal Sen, President, *Sramik Krishok Samajbadi Dal* (Socialist Party of Workers and Peasants). The interviews were taken in Dhaka on April 8 and 11 respectively.

9. Personal interview with Mr. Abul Bashar, April 8, 2002 (Reference No.1 above).

10. Mr. Rashed Khan Menon, President, Bangladesh Workers Party, interview, Dhaka, April 9, 2002.

11. Personal interview with Mr. Tipu Biswas, April 9, 2002 (Reference No. 6 above).

12. Mr. Tipu Biswas, personal interview, April 9, 2002.

13. Interview with a group of peasants at Mirpur Bazar, Mirpur Upazilla, Kushtia district, March 28, 2002.

14. The interview was taken on March 16, 2002.

15. A group of peasants at Noapara Bazar, Mirpur Upazilla, Kushtia District, specifically referred to oppressive measures, including the use of armed hoodlums, employed by the inputs dealers. The interview was conducted on March 28, 2002.

16. Interview with peasants of Batikamara Village, Kumarkhali Upazilla, Kushtia District, March 27, 2002.

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Chapter 6: Conclusion- Assessing Peripheral Social Resistance

In the preceding chapters we have extensively analyzed the historical context, socio-economic and political settings under which a series of social resistance movements erupted in pre-colonial, colonial and post-colonial Bengal and Bangladesh. We have also presented an analysis of the pattern of resistance movements in independent Bangladesh, the basic parameters that have shaped the course of the movements and their success and failure. In this chapter I summarize the main findings of the study and briefly discuss whether or not the findings support the theoretical framework of 'resistance as survival' developed for this study.

It is significant to note that Bengal and latter day Bangladesh have a rich history of social resistance movements. As we have seen in the second chapter, and also in our discussion in other chapters, the causes of resistance movements largely originated from acute socio-economic differentiation that characterized Bengal and Bangladesh history at different points of time. The specific patterns of social formation that spawned highly differentiated socio-economic structures under British rule and West Pakistani domination explain why resistance movements were most fiercely waged in these two historical periods.

The nature of social resistance movements was not, however, similar throughout history; the resistance movements of the ancient period in Bengal history were qualitatively different from those of the British colonial period. Whereas the imposition of Brahaminical social values and rigid caste systems agitated the popular masses in the ancient period, the introduction of capitalist changes in property relations and production systems fomented mass discontent during the British period. The

Permanent Settlement of 1793 that introduced private property rights in land and capitalist changes in agriculture completely changed Bengal's rural social structures and upset the pre-colonial balance of social relations, forcing the peasants to rise against the British colonial rulers.

In independent Bangladesh resistance movements have taken yet another qualitative dimension. For long periods the local popular masses waged movements against identified foreign colonizers and exploiters- the British and the West Pakistanis, for example. The emergence of independent Bangladesh in 1971 signaled the end of direct colonial rule and domination. But now the local capitalist and business classes, in collaboration with foreign capitalist classes and their agents, pursue policies that have further marginalized the popular masses and posed direct threats to their survival.

The new waves of marginalization and differentiation are taking place under a different rubric- the neoliberal structural reform program. In the case of Bangladesh, the reforms are not an external imposition but policy choices made by the local aspirant bourgeois class. Although after independence Bangladesh started with a socialist social and economic reconstruction project, that attempt came to an end by mid-1975, after only four years of independence. The post- 1975 reconfiguration of social forces fundamentally changed the socio-economic and political landscape of the country. The new social coalition that emerged after 1975 made a clear-cut choice for a capitalist path to development. Thereafter, the constituent groups of the new social alliance consolidated themselves over the years since 1975 and defined development policies and goals to suit their own interests. The members of the new social alliance, with some changes in the 1980s and 1990s, now control the society, polity and economy of Bangladesh.

Still, governance by the new social alliance and the pursuit of a pro-market development strategy, with significant aid and credits from western bilateral and multilateral donors, has not recorded any notable success in putting Bangladesh on a strong track of capitalist development. A significant section of the Bangladeshi bourgeoisie, taking advantage of the legitimacy problems of the military dictators who imposed undemocratic rules and practices from mid-1975 to the end of 1990, plundered national resources by taking huge loans from national development finance institutions and, at the same time, entered politics to avoid legal actions and thus legitimize their expropriations.

The pursuit of a pro-market reform program by the new social alliance has culminated in new social polarizations, both in the economic and the political sense. It should be mentioned that there are important societal groups who are strongly opposed to pro-market reforms in the economy. These groups include the working class, the leftist trade unions and political elites, small farmers, the marginalized and functionally landless peasants and other urban and rural vulnerable groups. The opposition to neoliberal reform strategies policies originates from discriminatory policies in income and wealth distribution, contraction of employment and resultant socio-economic marginalization of the disadvantaged classes and groups. The economic polarization of the reform program has manifested itself in the emergence of a *nouveau riche* class which controls banking, insurance, the export-import business and major industries of Bangladesh, and accounts for most of the national income of the country. The affected popular majority, on the other hand, has limited access to national resources and income; they are also gradually losing control over what little they have in their possession. They are the actors who are putting up

some resistance to pro-market reforms, either to minimize the adverse impacts of reforms or to block the reform process itself.

In the decade of the 1980s, resistance to reform policies was considerably strong in the urban industrial sector. Policies of privatization of public sector industrial units, liberalization of trade regimes and deregulation measures generated spontaneous labor resistance. The workers were frightened when the private owners began to implement policies of employment reduction, layoffs and complete closure of industries. The absence of social security insurance for the working class also sharpened their negative perception about privatization program of the government. In brief, they perceived a real threat to their social existence, found their survival at stake and were motivated to take steps to stop further privatization of public sector industries.

This initial resistance to industrial reforms became somewhat diluted in the 1990s. The trade unions were intent on reaping material benefits like wage increase for the workers, pushing the opposition to privatization programs off the negotiating table. Privatization of industries was still a concern for the trade unions, but not the dominant one. Demands for the introduction of a national minimum wage for the industrial workers dominated the political agenda of all trade unions, including the workers' national body- the *Sramik Karmachari Oikaya Parishad* (SKOP- United Front of Workers and Employees).

The gradual erosion of workers' militancy against reform policies in the industrial sector did not stem from workers' belief that privatization was a rational program or beneficial to their interests. The ebbs in resistance movements were rather an outcome of several factors. In the first place, workers are exposed to diverse ideological beliefs- socialist, nationalist

and capitalist. Although they were able to float SKOP as a national platform for the promotion and protection of workers' rights in the early 1980s, the lack of ideological unity frustrated efforts at making much progress. Similarly, the workers were less integrated through well-knit organizational network. SKOP loosely represented a good number of large trade unions but many small trade unions or federations remained outside its purview. There were no efforts to expand the organizational network of SKOP in the remote rural industrial centres either. The presence of ruling party labor fronts in SKOP further complicated the formulation of an anti-privatization program strategy to press hard for workers' rights. Ruling party labor fronts that usually speak in the tone of their parent political parties created disunity among trade union leaders of diverse origins.

Equally noticeable is the control of parent political parties over their respective trade unions. In Bangladesh, most of the trade unions are affiliated with political parties and the large trade unions are the affiliated labor fronts of large political parties. The three major political parties- the Awami League, the *Jatiya Party* (National Party) and Bangladesh Nationalist Party- command the three largest trade unions in the country. The top leadership appoints trade union leaders and usually picks those who are loyal to the top leadership. In most cases top trade union leaders or the collective bargaining agents come from social groups other than the working class. It is no wonder that such trade union leaders are more interested in maintaining connections to higher political echelons and less committed to workers' rights. The lack of spirited trade union leadership considerably weakened the resistance movements against pro-market reforms in the 1990s and defeated the objectives of trade union movements.

Disunity or lack of interest among leftist politicians has also contributed to the decline of social resistance to pro-market reforms, in general, and the privatization program, in particular. The leftist politicians, who usually champion the cause of the working class and other deprived and depressed social groups, have also failed to unite and initiate a unified social movement against the reform agenda. The lack of a broad-based organizational network, ideological differences over tactical issues, including participation in bourgeois political elections, and a well-articulated political agenda, have corroded their unity and minimized their presence on the national political scene.

Support from other societal groups, such as the print media and the middle class, for the workers' resistance movement was less than encouraging. The print media is dominated by the business and industrial elites of the country and hence hardly gives any extensive coverage of workers' struggle against market-oriented reforms. The middle class, for its own interests, is also indifferent to the movement the workers are waging to resist the implementation of reform policies. The working class, as a whole, stands alone and fails to put up strong resistance to neoliberal package of reforms.

The implementation of liberalization policies in agriculture has also generated considerable resistance in rural Bangladesh. The peasants, particularly the small, marginalized and landless farmers, are quite displeased with the withdrawal of government subsidies to agriculture and the privatization of agricultural inputs distribution systems. The peasants now pay more money to buy seeds, fertilizers and pesticides and there is often an artificial rise in prices of these inputs, particularly during the production seasons. A section of rural traders, who are not connected to

agriculture, controls the inputs business and make huge profits by exploiting the peasantry.

Peasants' resistance to agricultural reforms is not, however, as organized as in the industrial sector. The dominance of large landholders, the influence of inputs traders, the lack of effective farmers' lobbies or political associations and the indifference of the government to peasants' interests sufficiently discourage the peasantry from organizing resistance movements. This explains why rural resistance to neoliberal reforms does not explode into outright political violence to force changes in public agricultural policies.

The major findings of this study corroborate the basic premise and justification of the theoretical framework developed and discussed in the introductory chapter. While elaborating the 'resistance as survival' approach, I have highlighted the point that broad-based civil society resistance or 'pressure from below', as the leftist scholars prefer to call it, is an unrealistic concept and hence no effective option to challenge the dominance of capital or halt the reform process. The presence of diverse interest groups in a national civil society makes it a loose association of diverse people where everyone stakes a claim but pursues different interests. The study also emphasizes that resistance to pro-market reforms would be created by those people who were hurt and whose social and economic existence were threatened by the implementation of reforms. And support from other civil society groups- the middle class or professional groups- might not be forthcoming. It is the affected groups and classes who would be the real actors behind the anti-globalization resistance movements.

In our study on resistance movements against neoliberal economic reforms in Bangladesh, we note that social resistance to pro-market reforms is organized by the affected popular masses- the workers and the poor peasants- the lower rungs in the Bangladesh society. The threats to survival posed by the reform agenda in an already highly differentiated society have forced the affected groups and classes to raise their voices against economic reforms. In this struggle the workers and the poor peasants are the lone actors. Their resistance to pro-market reforms, however, stands as less than a success. A number of structural deficiencies and the dynamics of national politics stand in the way of making social resistance a success story.